SENATE.

THURSDAY, *June 24, 1909.*

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

The Journal of yesterday's proceedings was read and approved.

PETITIONS AND MEMORIALS.

Mr. PENROSE presented a petition of sundry medical practitioners of the United States, praying for the removal of the present duty on Tansan mineral water imported from Japan, which was referred to the Committee on Finance.

Mr. BROWN presented an affidavit to accompany the bill (S. 565) granting an increase of pension to William C. Hudnall, which was referred to the Committee on Pensions.

Mr. DEPEW presented a petition of Bronx Council, No. 105, Junior Order of United American Mechanics, of New York City, N. Y., praying for the adoption of the so-called "Overman amendment" to the pending tariff bill to increase the capitation tax on immigrants from $4 to 10, which was ordered to lie on the table.

He also presented a petition of the Retail Shoe Dealers' Association of Jamestown, N. Y., praying for the repeal of the duty on hides and sole leather, which was ordered to lie on the table.

He also presented petitions of sundry citizens of Amsterdam and Syracuse, in the State of New York, praying for the retention of the present duty on sulphate of ammonia, which were ordered to lie on the table.

Mr. FRYE presented a petition of the Carded Woolen Manufacturers Association, of Boston, Mass., praying for the adoption of a certain amendment to Schedule K of the pending tariff bill relative to the removal of the present inequalities oppressive to the carded woolen industry, which was ordered to lie on the table.

REPORT OF A COMMITTEE.

Mr. MARTIN, from the Committee on Commerce, to whom was referred the bill (S. 1441) authorizing the construction of a bridge across the Missouri River and to establish it as a post-road, reported it with an amendment and submitted a report (No. 7) thereon.

MARINE HOSPITAL AT CHELSEA, MASS.

Mr. PERKINS. I am directed by the Committee on Naval Affairs, to whom was referred the joint resolution (H. J. Res. 59) amending an act concerning the recent fire in Chelsea, Mass., to report it favorably without amendment. I call the attention of the senior Senator from Massachusetts [Mr. LODGE] to it.

Mr. LODGE. I ask that the joint resolution may have present consideration.

The PRESIDENT pro tempore. It will be read to the Senate for its information.

The Secretary read the joint resolution, as follows:

House joint resolution 59.

Resolved, etc., That the time within which certain accident, emergency, and maternity cases may be received and treated in the marine hospital at Chelsea, Mass., fixed by the act approved May 23, 1908, is hereby extended until October 1, 1909.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. HALE. All these acts of legislation, Mr. President, are in contravention of the rule established by the Senate that no legislation except in relation to the tariff and the census should be enacted until after the tariff has been disposed of. That order was adopted by the Senate at my suggestion. But there are some of these things that are so necessitous in their nature, and of so little importance as legislation, I shall not, as they arise, feel constrained to urge the objection. I should still hope that until we get out of the woods as to tariff legislation, which is the main thing that brings us here, any important piece of legislation will not be attempted.

There being no objection, the joint resolution was considered as in Committee of the Whole.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BROWN:

A bill (S. 2736) granting an increase of pension to Max Lenz; to the Committee on Pensions.

By Mr. DEPEW:

A bill (S. 2737) authorizing the purchase of 13 historical paintings; to the Committee on the Library.

By Mr. McENERY:

A bill (S. 2738) for the relief of Arsene Camille Vallet, administratrix of Elie Henri Flory, deceased (with accompanying paper); to the Committee on Claims.

By Mr. WETMORE:

A bill (S. 2739) granting an increase of pension to John T. Wilcox (with accompanying papers); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. DICK submitted six amendments intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes; which were ordered to lie on the table and be printed.

IRON AND STEEL PRODUCTS.

On motion of Mr. PENROSE, it was

Ordered, That there be printed for the use of the Senate 3,000 additional copies of Senate Document No. 109, Sixty-first Congress, first session, relating to iron and steel products.

IRON AND IRON ORES.

Mr. PAYNTER. Mr. President, I hold in my hand a report in regard to iron ore made by Joseph G. Butler, jr., of Youngstown, Ohio. He is a man of high character and vast information on the subject of iron and iron ores. In the report there are statements by geologists and mining engineers. It is a very valuable contribution on the subject of iron ores and as to its ownership. It was prepared by Mr. Butler in response to an inquiry made by me, and at very considerable personal expense to Mr. Butler. Mr. Butler made the sacrifice of his time and means from a sense of public duty. He deserves the commendation of the Members of this body and the country for the useful information which he has contributed. I think it deserves to be made a public document, and I ask to have it printed as a Senate document (S. Doc. No. 112).

There being no objection, the order was reduced to writing and agreed to, as follows:

Ordered, That the pamphlet entitled "Supplemental Report Regarding Iron Ore," by Joseph G. Butler, jr., be printed as a document.

JOSIAH L. PEARCY, JR.

Mr. JOHNSTON of Alabama (for Mr. TAYLOR) submitted the following resolution (S. Res. 60), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Senate resolution 60.

Resolved, That the Secretary of the Senate be, and he is hereby, authorized and directed to pay to Josiah L. Pearcy, jr., son of Josiah L. Pearcy, late a laborer of the United States Senate, for the sole benefit of the widow of the deceased, a sum equal to six months' salary, at the rate he was receiving by law at the time of his demise, said sum to be considered as including funeral expenses and all other allowances.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. W. J. Browning, its chief clerk, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 10887. An act to make Scranton, in the State of Mississippi, a subport of entry, and for other purposes; and

H. R. 10933. An act making appropriations for expenses of the Thirteenth Decennial Census, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (S. J. R. 33) relating to the provisions of section 10 of the sundry civil act of March 4, 1909, and it was thereupon signed by the President pro tempore.

SCRANTON (MISS.) SUBPORT OF ENTRY.

The PRESIDENT pro tempore laid before the Senate the bill (H. R. 10887) to make Scranton, in the State of Mississippi, a subport of entry, and for other purposes, which was read the first time by its title.

Mr. MONEY. I ask consent of the Senate that the bill may be put on its passage. It is simply a House bill of the same import that the Senate passed the other day. The House did not concede to the Senate the right, as they call it, to originate a revenue bill. Consequently they have passed the same measure and sent it over here as a House bill, and I ask the Senate now to repeat what it did the other day.

The PRESIDENT pro tempore. The bill will be read for the information of the Senate.

The bill was read the second time at length, as follows:

Be it enacted, etc., That Scranton, in the State of Mississippi, is hereby made a subport of entry in the district of Pearl River, and the necessary customs officers stationed at said port may, in the discretion of the Secretary of the Treasury, enter and clear vessels, receive duties, fees, and other moneys, and perform such other service as, in his judgment, the interest of commerce may require.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Mississippi?

By unanimous consent, the Senate, as in Committee of the Whole, proceeded to consider the bill.

Mr. GALLINGER. Mr. President, I do not object, but I ask the Senator from Mississippi if it is his judgment that a bill of this character is a revenue bill?

Mr. MONEY. Not at all. I do not concede it. It is simply a bill for the collection and not for the laying of taxes.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. CLAPP subsequently said: The Senator from Mississippi [Mr. MONEY] brought in a bill here; and with the bill on the floor it hardly seemed courteous to object to it. But I, for one, want to give notice now that if another bill comes in here I shall have to object to it, it matters not who has it in charge. It simply opens the door to unlimited legislation at this session. We can not have such legislation without interfering with the bill under consideration.

HOUSE BILL REFERRED.

H. R. 10933. An act making appropriation for expenses of the Thirteenth Decennial Census, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

THE TARIFF.

The PRESIDENT pro tempore. The morning business is closed, and the first bill on the calendar will be proceeded with.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

Mr. BEVERIDGE. Mr. President——

Mr. CULLOM. I suggest that there is not a quorum present.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Clark, Wyo.	Frye	Nixon
Bacon	Clay	Gallinger	Oliver
Bailey	Crane	Gamble	Page
Beveridge	Crawford	Guggenheim	Paynter
Borah	Culberson	Hale	Penrose
Bradley	Cullom	Heyburn	Perkins
Brandegee	Cummins	Hughes	Piles
Briggs	Curtis	Johnson, N. Dak.	Root
Bristow	Davis	Johnston, Ala.	Scott
Brown	Depew	Jones	Simmons
Burkett	Dick	Kean	Smoot
Burnham	Dillingham	La Follette	Stone
Burrows	Dolliver	Lodge	Sutherland
Burton	du Pont	McLaurin	Tillman
Carter	Elkins	Martin	Warner
Chamberlain	Flint	Money	Warren
Clapp	Foster	Nelson	

The PRESIDENT pro tempore. Sixty-seven Senators have responded to their names. There is a quorum present. The Senator from Indiana will proceed.

Mr. BEVERIDGE. Mr. President, my remarks will be a plain business statement, not going outside the record or the figures collected by the Government and laid before us by the President of the United States. I called, by resolution, for the Government's report, and, in response, the President has laid the facts and figures before us. Where figures from other countries are given they are official also.

REVENUE NEEDED—TOBACCO SUPPLIES IT.

Mr. President, the ruling note of this debate has been the need of revenue. Senators have voted for various rates of duty because they said that they thought that such duties would raise revenue and that the Government needed it; and they said that if they had not so thought they would not have voted for these rates.

The amendment I shall offer, as I have now modified it, adds about $20,000,000 annually to the revenues of the Government. IT DOES THIS, TOO, WITHOUT VERY MUCH INCREASING THE TAX ON TOBACCO. I shall show in a moment that even if the tax were restored to what it was when it was reduced in 1901–2, it even then *would be far less than what it was down to 1879 and 1883; and my amendment* PUTS ONLY HALF THE SPANISH WAR RATE ON MOST MANUFACTURED TOBACCO and does not increase the present rate at all on cigars, except on high-priced cigars.

In view of our admitted need of revenue, it has been a curious circumstance to me that, although the House increased the tax on cigarettes back to the war rate, yet when the bill is reported to the Senate by the Finance Committee even *that little increase of tax on cigarettes is stricken out.*

I think the Senate and the country will be astounded when they learn that fact. Indeed, there are members of the Finance Committee who at this hour do not know that the House increase of the tax on cigarettes has been stricken out of the bill by their own committee.

TOBACCO TAXATION ON ITS MERITS.

Mr. President, I shall not take time to make a résumé of my former argument. I take it that Senators who heard me on that occasion remember that in 1898 Congress put on the war tax and enacted the war packages; that the Congress of 1901–2 removed the tax and specifically reenacted those packages and did the other things to which I shall call attention; and that from that day to this the tax we took off, which the manufacturers had formerly collected and paid to the Government, they have since collected and paid to themselves.

I say I suppose Senators remember that argument, but I want, before I enlarge upon it—before I present tables of figures proving that the tax we abolished is still collected from the people and *added* to the *profits* of the manufacturer—I want to take up this question in a broader sense. But, meanwhile, let Senators not forget that the main question is the restoration of the tax.

So I ask Senators to dismiss from their minds for a moment the question of the repeal of the tax and the diversion of those scores of millions of dollars from the Government Treasury to the trust's treasury, and take up this tobacco tax as an original proposition.

Mr. President, I have made some investigations on this subject outside of the limited circle of the repeal of the tax and the reenactment of the packages, and so forth, and I have found several startling facts.

OURS THE LOWEST TOBACCO TAX IN THE WORLD.

The first is, *ours is the lowest tobacco tax in practically the civilized world.* France taxes her tobacco FIVE TIMES *as much as we do,* and England and Italy and Austria-Hungary tax tobacco from *two to* MORE THAN FIVE *times as much as we do.* I have here a table which has been compiled from the latest official documents of those countries, taking all possible taxes or methods of taxation on tobacco, whether internal revenue, whether through government monopoly, or whether by customs.

This table shows that we tax tobacco 17 cents a pound on the average (although most of it, of course, is only 6 cents a pound), after adding the customs and cigars, whereas the United Kingdom taxes tobacco 74 cents a pound; Italy taxes tobacco 93 cents a pound; Austria taxes tobacco 39½ cents per pound; Hungary taxes tobacco 33 cents a pound; and France taxes tobacco 85 cents a pound.

So that France, with a consumption per capita of tobacco very much below ours and with something more than a third of our population, yet gets, every year, out of her tobacco more than $74,000,000 of revenue, whereas we, all told, from every source, get only $87,000,000, *although we have more than two times the population of France and nearly three times France's consumption of tobacco per capita.*

FOREIGN RATES OF TOBACCO TAXATION AND REVENUES.

England, with not much over *half* of our population and with only *one-third* of our consumption per capita, gets $64,750,000 a year from this one source of revenue alone.

Italy, where the per capita consumption *is only one-sixth* of what it is in the United States, and with a population only a little more than *one-third as large as ours,* still gets $35,300,000 revenue from that one source.

Austria-Hungary, with only a little over *a third* of the consumption per capita that we have, and with only about *half* of our population, nevertheless gets $48,458,000 alone from that revenue.

I shall here insert a table prepared from the latest official records, showing, first, the total tax on tobacco in each of these countries; second, their consumption of tobacco per capita; third, the revenues they derive from tobacco:

Consumption and taxation of tobacco and total revenue of various countries.

	Tax per pound based on total revenue.	Per capita consumption.	Total net revenue.
		Pounds.	
France, 1907	$0.85	2.2	$74,475,729
United States, 1907	.17	6	87,317,009
United Kingdom, 1907	.74	2	64,750,560
Italy, 1906–7	.93	1.1	35,300,993
Austria, 1906	.39½	2.9	32,040,302
Hungary, 1906	.33	2.4	16,458,631

OUR GREAT CONSUMPTION OF TOBACCO—STARTLING INCREASE.

Now, Mr. President, that is the present comparative revenue. I want again to call the attention of the Senate to the consumption per capita, because it has an important bearing upon

the next table I am going to present. In France the consumption is 2.2 pounds per capita; in England it is 2 pounds per capita; in Austria, 2.9 pounds; in Hungary, 2.4 pounds; in Italy, 1.1 pounds; while in the United States the consumption per capita is a little *more than 6 pounds*—6 pounds for every man, woman, and child in the United States. That means that *every male citizen of this Republic over 16 years of age consumes nearly 17 pounds of tobacco annually.*

Mr. President, this has, of course, a sociological and ethnological significance with which we have nothing to do. I can not go as far as Ruskin, who declared that "no immortal work has been done in the world—work that will last through the ages—since tobacco was discovered." But the enormous consumption of tobacco in the United States has given sociologists and physicians the greatest concern. What the effect of this is upon our systems, upon the nervous characteristics that are now developing in our Nation, no person perhaps can tell. But the fact is that *our consumption of tobacco per capita is from six times to three times what it is in most modern civilized countries.*

And that is not all, Mr. President. The *increase of our consumption* is still more startling. For example, the increase per capita of the consumption of tobacco in France from 1869 to 1900 was 25 per cent; in England, 56 per cent; AND IN THE UNITED STATES, 250 PER CENT.

FIGURES ASTOUNDING.

Now, Mr. President, that we have seen how much more we consume than other countries, how much greater our population is than other countries, and how vastly greater in comparison are their taxes on tobacco compared with ours, it might make it clearer if we would estimate what our income from tobacco would be if we taxed tobacco at the rate they tax tobacco.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Wisconsin?

Mr. BEVERIDGE. Certainly.

Mr. LA FOLLETTE. The figures the Senator has submitted are so astounding——

Mr. BEVERIDGE. They are accurate.

Mr. LA FOLLETTE. I am almost led to raise the question that there must be some mistake.

Mr. BEVERIDGE. No, Mr. President. I am aware that they are startling, and when I first——

Mr. LA FOLLETTE. Can the Senator state the weight of a thousand cigars?

Mr. BEVERIDGE. Yes; the weight of a thousand cigars is recognized in our law at 3 pounds and over.

Mr. LA FOLLETTE. The Senator is familiar with the law. It is 3 pounds.

Mr. BEVERIDGE. Yes, 3 pounds and over; under 3 pounds are "little cigars"—not much larger than a cigarette; 3 pounds and over are ordinary cigars, of various sizes. It takes 18.67 pounds of leaf to make 1,000 cigars weighing 3 pounds and over.

The Senator from Wisconsin said that these figures were astounding. They are astounding. They were so astounding that when I first discovered them I asked the tariff department of the Bureau of Manufactures of the Department of Commerce and Labor to compile for me a table which would show from the latest official sources, including all taxes, the rate of taxation reduced to the pound upon tobacco, the consumption per capita, and of course the revenue therefrom of all those countries and our own.

MOST COUNTRIES EXCEPT OURS RECOGNIZE TOBACCO AS BEST AND EASIEST POSSIBLE SOURCE OF REVENUE.

All students of taxation have seen the economic correctness in theory and practical ease of the collection of a tax upon tobacco. That has been recognized by every thinker upon the subject of taxation.

So just and so easy a source of taxation is tobacco that several countries are getting the profits themselves from what is called a "government monopoly." France, that has led so much in the economic thought of the world, started out upon that. The French are a Latin people. They were followed by Austria-Hungary, a Teutonic-Slavonic people; and then by Italy, a Latin people; and finally by Japan, an Asiatic people.

So, as I said when I began to read what the Senator calls the "startling figures," they are collected from the incomes of these various governments, from tobacco from every possible source—and they are official. For example, as I said, the tax on tobacco here that I ask to be restored is now, mostly only 6 cents a pound; but in order to be absolutely fair, I have taken every source of income derived from tobacco—internal revenue and customs receipts. The figures which I give are compiled from the latest official documents of our own and foreign countries.

WHAT OUR REVENUE WOULD BE IF WE TAXED TOBACCO AS MUCH AS OTHER COUNTRIES TAX TOBACCO.

Now, Mr. President, to bring home to us more clearly the grotesque littleness of our present tax compared with that of other countries, I have had computed a table which I shall insert in my remarks, showing what our revenues would be if we taxed tobacco as these other countries tax tobacco.

For example, Mr. President, if we taxed tobacco *at the same rate that England taxes tobacco*, instead of getting $84,000,000 all told from that source of revenue, *we would get $380,086,000.*

If we taxed tobacco at the rate that Austria taxes it, we would get $202,884,000 every year; at the rate that Hungary taxes it, $169,498,000 every year.

If we taxed tobacco *at the rate that France taxes tobacco*, instead of getting $87,000,000, as we now do, *we would get $436,585,000 of revenue every year from that single source of taxation.*

If we taxed tobacco at the rate that Italy taxes tobacco, instead of $87,000,000 that we now get, WE WOULD GET $477,675,000 EVERY YEAR.

That assumes, of course——

Mr. HEYBURN rose.

Mr. BEVERIDGE. In just a moment.

Mr. HEYBURN. I merely want to ask whether the Senator includes in the $87,000,000 both the internal revenue and the customs duty?

Mr. BEVERIDGE. Yes; certainly. The internal revenue is about $49,000,000.

Mr. HEYBURN. I thought the Senator would perhaps like to have it appear plainly in the RECORD for the benefit of others.

Mr. BEVERIDGE. I thank the Senator. The other is made up from customs receipts. I have given the official figures, prepared by our tariff experts in the foreign department of Commerce and Labor, who report that they included internal and customs taxes, etc.

I do not want to take the time of Senators to repeat that, and I shall not. I do not know whether it makes any impression upon their minds or not, but I want again to bunch it all in a single sentence and say, if we taxed tobacco at the rate other countries tax it our income from that taxation INSTEAD OF BEING $84,000,000 FROM EVERY SOURCE WOULD BE FROM $372,382,000, AS IN THE CASE OF AUSTRIA-HUNGARY, AND $380,086,000 AS IN THE CASE OF THE UNITED KINGDOM, TO $436,585,000 EVERY YEAR, AS IN THE CASE OF FRANCE, AND $477,675,000 AS IN THE CASE OF ITALY. our revenue from tobacco would be if we taxed tobacco as much as other countries tax tobacco:

Amount of tax the United States would collect if it had the same rate per pound as the several foreign countries.

France	$436,585,000
United Kingdom	380,086,000
Italy	477,675,000
Austria	202,884,000
Hungary	169,498,000

WHAT FOREIGN REVENUES WOULD BE AT OUR RATES OF TOBACCO TAXATION.

Now, let us just turn this around. I have had computed a table which shows the revenues that these other countries would get if *they* taxed their tobacco at *our* rates.

It shows that France, instead of getting more than $74,000,000 as she now does, would, *if she taxed at our rate get only $14,895,000 a year.*

If England taxed at *our* rate, instead of getting $64,750,000 every year, she would get only $14,875,000 a year.

If Italy taxed tobacco at our rate, instead of getting $35,000,000 or more a year, *she would get only $6,453,000 a year;* and the same proportionate figures apply to Austria and Hungary.

I insert the table showing this at a glance.

Amount of tax the several foreign countries would collect if they had the same rate as the United States.

France	$14,895,000
United Kingdom	14,875,000
Italy	6,453,000
Austria	13,789,000
Hungary	8,479,000

WHAT FOREIGN REVENUES WOULD BE AT THEIR RATES AND OUR CONSUMPTION.

Again, Mr. President, making the computation on the other side of the shield, if other countries had *our* rate of consumption per capita; that is, if the Italians instead of consuming 1 pound a year consumed over 6 pounds a year, as we do; if the French instead of consuming 2½ pounds a year, consumed as much as we do; and if they taxed their tobacco, as they now do, France, instead of $74,000,000, which she now gets, would get $203,000,000 every year. The United Kingdom, instead of get-

ting $64,000,000, would get $194,000,000. Italy, instead of $35,000,000, would get $192,000,000 a year. I now insert this table:

Amount of tax the several foreign countries would collect if they had the same consumption per capita as the United States and their present rate of taxation of tobacco.

France	$203,116,000
United Kingdom	194,252,000
Italy	192,551,000
Austria	66,290,000
Hungary	41,147,000

Mr. CLAPP. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Minnesota?

Mr. BEVERIDGE. Certainly.

Mr. CLAPP. Before the Senator leaves the tables, I ask him if he has any figures showing what the tax would be in this country in the aggregate upon the basis of the taxation of the other countries he has named——

Mr. BEVERIDGE. Yes.

Mr. CLAPP. Wait a minute. On the consumption——

Mr. BEVERIDGE. Of the other countries?

Mr. CLAPP. Of the other countries.

Mr. BEVERIDGE. No; I have not. I thought I had thought of every possible way of turning around these figures.

Mr. CLAPP. Those figures would be very interesting.

Mr. BEVERIDGE. I can get them.

Mr. CLAPP. I hope the Senator will get them and put them in the RECORD.

Mr. BEVERIDGE. What is presented here first is the comparative rate of taxation per pound and then the amount of consumption per capita and then the——

Mr. PILES. I should like to ask the Senator from Indiana a question, if he will give me permission. I understood him to say that the tax on tobacco in France is 85 cents a pound.

Mr. BEVERIDGE. Yes; it is a government monopoly, the profits representing that tax.

Mr. PILES. The tax probably has something to do with the consumption of tobacco in France.

Mr. BEVERIDGE. That is a fair question and explains a very curious circumstance, but I do not want to get diverted from the argument.

Mr. MONEY. Will the Senator permit me?

TOBACCO BUSINESS NOT INJURED BY TAXATION.

Mr. BEVERIDGE. In just a moment. But there is this curious circumstance that in the case of financial depression, in this country especially, the tobacco business and the liquor business are the last to suffer. If I did not want to consume too much time, and if this were not a question of raising some revenue that we have been giving to the American Tobacco Company (the "trust") instead of to the Government, I would give some statistics that are startling where the census has made an analysis of the experience of several thousand families, showing how much of the weekly income of the family goes into bread and how much into tobacco. When we come to the point where we are consuming for every male citizen of this Republic something like 16 or 17 pounds of tobacco we are getting to the danger line.

Mr. CLAPP. The figures I suggested would have some bearing upon that very phase of the question, if the Senator will get them.

Mr. BEVERIDGE. Yes; I will be very glad to get them, although I thought I had thought of all possible figures. I have presented these figures solely from the side of this revenue question for the purpose of showing in the most startling form the smallness of our tax on tobacco compared with that of other countries.

I hope the Senator from Mississippi [Mr. MONEY] will pardon me. I have kept him waiting.

Mr. MONEY. I wanted to say in this connection in regard to the question of the Senator from Washington [Mr. PILES] just what the Senator from Indiana [Mr. BEVERIDGE] himself has just said, that the use of such an article very rarely decreases on account of any increase in the cost.

I will say, first, about France that they have an excessive tax, for instance, on cocoa, a great deal more than any other country in the world, and yet they use ten times as much per capita as any other country in the world. So the tax has no effect whatever on the consumption. The tax on absinthe has been increased and it has had no effect on the consumption. I for one do not believe that an increase of the tax on an article or an increase of the price has a material effect upon its consumption.

Mr. BEVERIDGE. I thank the Senator, the broadness and accuracy of whose information daily arouses my astonishment and my admiration. Now, Mr. President, I have made clear to the Senate the astounding smallness of our tax on tobacco compared with that of other countries; so I shall go on to the next fact, which is quite as impressive.

Mr. DILLINGHAM. May I ask the Senator a question?

Mr. BEVERIDGE. Certainly.

Mr. DILLINGHAM. I was not in at the opening of the Senator's remarks, and he may have stated what the consumption of tobacco is in the various countries to which he has referred as compared with the production.

Mr. BEVERIDGE. No; I did not go into the question of production. I will say to the Senator, though I think I can tell him offhand about it, I did not want to get the clear argument confused by so many extraneous matters. Of course the point the Senator raises reveals another interesting circumstance. England raises all her enormous revenue on tobacco from customs alone, and she prohibits the growing of tobacco in England. So the English customs tax amounts to the strongest kind of an internal-revenue tax. There is only a little tobacco grown in France, some in Austria-Hungary, a very little in Italy, and none whatever in England.

OUR PRESENT TOBACCO TAXATION LOWEST IN OUR HISTORY.

Now, Mr. President, I come to the next point. Not only do we tax tobacco at a rate grotesquely low compared with other countries, *but we tax it at a rate lower than in any other period of our history, except from 1890 down to the Spanish war.* An internal-revenue tax was first placed on tobacco during the civil war. Instead of taking that tax off after the close of the war, IT WAS INCREASED. For instance, in 1879 the tax on the cigars which now pay $3 a thousand, and which at that time paid $5 a thousand, was actually increased to $6 a thousand.

Mr. FOSTER. Mr. President——

Mr. BEVERIDGE. Just pardon me a minute. I want to get through with this. *The tax was increased to $6 a thousand,* FOURTEEN YEARS AFTER THE CIVIL WAR WAS OVER.

Now, let me give to the Senate what the taxation in various forms on tobacco has been from the time we put it on until 1879. Tobacco—that is, smoking, chewing, plug, and everything except snuff, cigars, and cigarettes—was taxed at 24 cents a pound; it is now taxed at 6 cents a pound. *Snuff was taxed at 32 cents a pound; it is now taxed at 6 cents a pound. Cigars, which until 1883 were taxed at $5 and $6 a thousand, are now taxed $3 a thousand.*

Mr. LA FOLLETTE. For what period?

Mr. BEVERIDGE. Until 1879 and 1883.

Mr. LA FOLLETTE. From what time?

Mr. BEVERIDGE. From the time that the tax was first imposed, in 1862. It was increased to those figures down to 1879 and 1883. There were almost monthly changes, caused, of course, by the exigencies of war. I did not go into that, because it would take a long row of figures, although I have a statement of it here, and I can put it in the RECORD if the Senator would like it.

Mr. SIMMONS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from North Carolina?

SENATE COMMITTEE STRIKES OUT HOUSE'S SMALL INCREASE OF TAX ON CIGARETTES.

Mr. BEVERIDGE. I shall yield in just a minute. I want to get in these figures, and then I will yield to the Senator from Louisiana [Mr. FOSTER] who desired to ask me a question. But, broadly speaking, down to 1879, from, we will say, the middle of the civil war, tobacco was taxed 24 cents a pound, and it is now taxed 6 cents a pound; snuff was taxed 32 cents a pound, and it is now 6 cents; cigars were taxed $6 a thousand, and they are now taxed $3; and cigarettes were taxed $1.75, and are now taxed $1.08. *In the present bill, when the House restored the tax on cigarettes to a dollar and a half*—and that was 25 cents lower than they were in 1879—THE SENATE COMMITTEE STRUCK OUT EVEN THAT POOR INCREASE.

From 1879 to 1883 tobacco was 16 cents a pound. It is now 6; snuff, 32 cents a pound, it is now 6; cigars, $6 a thousand then, now $3; cigarettes, which were $1.75, are now $1.08. From 1883 to 1890 tobacco was 8 cents a pound, now it is 6 cents a pound; snuff was 8 cents a pound, now it is 6 cents; cigars were $3 a thousand, as they are now; and cigarettes 54 cents. In 1879 cigarettes were made $1.

TOBACCO TAX REDUCED IN 1883 TO REDUCE REVENUES.

The reduction in taxation in 1883, as the Senator from Mississippi [Mr. MONEY], who was then in public life, will probably remember, *was made for the purpose of reducing the surplus*—not at all because the tax was too high, but for the purpose of reducing the surplus; and this purpose was expressly stated by President Arthur. In 1879 the department resisted the reduction on the ground that *while revenues should be reduced*, the tax on tobacco *should not be reduced.* I hold in my hand the report

of the Commissioner of Internal Revenue who protested against the reduction of this tax. The then Commissioner of Internal Revenue was Hon. Green B. Raum, a man of uncommon ability, one of the ablest men who ever filled that office. He says here:

It is an old and sound maxim that no more revenue should be raised than is necessary for an economical administration of the Government and a gradual reduction of the public debt.

Then he goes on to sum up the argument then in the public mind *about our collecting too much revenue.* Then we wanted to "get rid of the surplus." Now we would like to see a surplus. Now we *need* the revenue we then wanted to get rid of. He says:

Therefore it becomes obvious that *a reduction of from* seventy to eighty millions in the annual revenues of the country *could be safely entered upon*, and in my judgment *such a reduction is urgently called for.* I respectfully offer some suggestions for your consideration in this regard.

Sound policy would seem to require that in remitting taxation the *relief should fall as far as possible upon those articles which are necessaries of life and upon* those interests which are of pressing importance to the country. The great bulk of internal-revenue taxation is derived from distilled spirits (about nine-tenths of which are used as a beverage), malt liquors, tobacco, and cigars. These are not articles of necessary consumption, but are articles of luxury, the taxes upon which are really paid by the consumers, and no one need consume them.

I am strongly of the opinion that so long as the principle of deriving part of the revenue of the Government from internal taxation is retained these articles and the dealers therein are proper subjects for taxation. There is no demand on the part of consumers of these products for the remission of the taxes imposed upon them; there is no public sentiment calling for their repeal; on the contrary, *the general current of public opinion seems to be in favor of their retention.*

So, Mr. President, these taxes were not considered by the department to be excessive *when they were at a rate from two to three times what they were during the Spanish war and* FROM TWO TO FIVE TIMES AS HIGH AS THEY ARE NOW.

Mr. GALLINGER. From what is the Senator from Indiana reading?

Mr. BEVERIDGE. I am reading from the report of the then Commissioner of Internal Revenue. That is the first reduction, I think, ever proposed. Now I will yield to the Senator from Louisiana.

Mr. FOSTER. Mr. President, the Senator from Indiana has stated the different rates of taxation in different countries, showing that most of the countries of the world impose a much higher rate of taxation than is imposed in this country. Can the Senator state what the price of the similar article in those countries is compared with its price in this country?

Mr. BEVERIDGE. I have not that information.

Mr. President, when the Spanish war came on, the tax which I now seek to restore only in part—only in part and not entirely, for I know how strong is the "tobacco combination," as the government report calls it, and I know I can not get done everything that should be done——

Mr. SIMMONS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from North Carolina?

Mr. BEVERIDGE. I do.

Mr. SIMMONS. Has the Senator considered how this tax would affect the price to the tobacco grower—the leaf grower?

Mr. BEVERIDGE. The tax does not affect the leaf grower.

Mr. SIMMONS. I was under the impression—I may be in error about it—that before 1879 the price of tobacco in this country was very high—a great deal more than the tax. I know at the present time that the price of tobacco is very low, and I was under the impression—I may be wrong about it—but I say that the price of tobacco in 1879 and up to that time, in comparison with the tax imposed, was much greater than the price is to-day in comparison with taxes imposed to-day. I may be mistaken.

Mr. PAYNTER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. BEVERIDGE. Certainly.

Mr. PAYNTER. I can say to the Senator from North Carolina that the price has been increased only since the tobacco growers of Kentucky organized to protect themselves against the American Tobacco Company.

Mr. SIMMONS. That is exactly what I wanted to know.

Mr. BEVERIDGE. The Senator from Kentucky explained it in his very lucid, his very remarkable, speech upon this subject.

Mr. PAYNTER. Until that was done the tobacco growers were not getting for their tobacco what it cost them to produce it.

THE WAR TAX OF 1898 VERY SMALL.

Mr. BEVERIDGE. Mr. President, in 1898 the Spanish war came on, and the tax was placed at 12 cents on tobacco, snuff, and so forth, and at $3.60 on cigars—that is to say, an increase of 6 cents on tobacco, of 20 per cent on cigars, and on cigarettes from $1 to $1.50. But, Mr. President, even going back to the rates that existed in 1879, indeed, in 1883, even if we tax them at those rates—and my amendment does not propose to tax them at even the Spanish war rates—but *even if we taxed tobacco, cigars, and cigarettes at the 1879 rates*, still we would be taxing them ONLY A FRACTION OF WHAT MOST OTHER CIVILIZED COUNTRIES IN THE WORLD TAX THEM.

Yet when I propose to restore a *part—only a part*—of the tax which we took off in 1901 and 1902, and which, if restored at the rate that I ask it to be restored, would only be a fraction of what it was in 1879 and 1883, I find that most reasonable proposition resisted. *Why?* There will be reasons given, no doubt, but remember that this amendment enacted into law means millions to the Government's Treasury that now goes to the trust's treasury and that formerly went to the Government's Treasury. Of course the trust fights this amendment.

Mr. SUTHERLAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Utah?

Mr. BEVERIDGE. Certainly.

Mr. SUTHERLAND. The Senator may have stated it—if so, I did not hear him—but the Senator is giving us a very interesting comparison between the amount of taxes paid upon tobacco in foreign countries and this country. I think he showed that if we were taxing at the rate of the tax imposed in England, we would obtain a revenue of something like $300,000,000, instead of $84,000,000.

Mr. BEVERIDGE. Three hundred and eighty million dollars.

Mr. SUTHERLAND. That is more than I thought. If we should restore the rate of taxation imposed by the law at the time of the Spanish-American war, has the Senator any estimate as to what amount of revenue we would then raise?

Mr. BEVERIDGE. Yes; the Senator will find it in the remarks which I first made on this subject.

Mr. SUTHERLAND. Can the Senator state approximately how much it would be?

Mr. BEVERIDGE. How much would be our revenue?

Mr. SUTHERLAND. Yes.

Mr. BEVERIDGE. That is on the internal-revenue portion alone?

Mr. SUTHERLAND. What would the increase be over $84,000,000?

Mr. BEVERIDGE. Of course $49,000,000 is the only thing I am concerned with here; that is, the internal-revenue taxation.

Mr. SUTHERLAND. How much would it be increased over $49,000,000, then—something over $20,000,000?

Mr. BEVERIDGE. Yes; $20,000,000 increase annually—and that, mind you, on the increase of *only* A PART of the *small* Spanish war tax. I presented that matter to the Senate before, and my previous remarks covered the whole case of increased revenue derived from my amendment.

Mr. SUTHERLAND. I want to ask one other question, so that I may understand the Senator's position. The Senator has given us the comparison between the taxes paid and the amount of revenue derived in foreign countries, and then he has made a comparison as to foreign countries, as I understand, based upon all forms of taxation imposed upon tobacco. Now, has he done that in the case of the United States?

Mr. BEVERIDGE. I have.

Mr. SUTHERLAND. Has the Senator taken into consideration the state taxes that may be imposed?

Mr. BEVERIDGE. Oh, no; nor is that taken into consideration at all. For instance, there are municipal taxes and every other kind of taxes. No; I have not taken that into consideration.

Mr. SUTHERLAND. That is what I wanted to know.

Mr. BEVERIDGE. There is no state internal-revenue taxation.

Mr. SUTHERLAND. But there is a property tax.

Mr. BEVERIDGE. There is a property tax, of course; but France imposes a property tax and England has a property tax and every country. That can be excluded and the equation remains the same.

Mr. SUTHERLAND. That was what I wanted to know—whether he excluded that in both cases—because the Senator stated that he excluded it.

Mr. BEVERIDGE. In 1901 and 1902 the taxes were reduced to the pre-war rates. In 1901 they were partially reduced. Congress was gentle with them; and I am going to call the attention of the Senate to some other things that were done at the same time. After that, I am going to call the attention of the Senate pretty minutely to the American Tobacco Company—the tobacco trust—the dates of the removal of this tax, the dates of the formation of the combination, and the dates of the

entrance of certain men into that combination who have been its guiding spirits ever since.

THE MYSTERIES OF 1902.

In 1901 and in 1902 the tax was finally all taken off, and we even *reduced the tax on little cigars below the rate of 1897*—cut it in half. I call the attention of the Senate to this, for it is worth while to stop right at this point to speak of it, that little cigars were taxed $1 by the act of 1897—little cigars are these little things which you see, not much larger than cigarettes. When Congress came to reduce the war tax on tobacco in 1902, they put it back to where it was before the war, *except in the case of little cigars, which were reduced still lower*—from $1, what they were in 1897, to 54 cents. WHY?.

I do not know *why* the tax placed on them by the act of 1897 was reduced in 1902, but I *do* know that *the manufacture of these little cigars was then as now almost entirely monopolized by the American Tobacco Company*, because they are made with machines, and the American Tobacco Company chiefly controls those machines. It is worth while taking that into consideration, I think.

Not only, Mr. President, did they take the tax off, but they specifically reenacted the war-time package, so far as smoking tobacco and snuff were concerned. There are the statutes; I have put them in the RECORD in parallel columns. I do not ask for an explanation as to why it was done. It was, of course, unwittingly done; but not only did we do that friendly act to the American Tobacco Company, but we were kind to it in another particular. When we took off the tax, we permitted the manufacturer, which at this time had become chiefly the American Tobacco Company, to have drawbacks from the Government for all portions of its tobacco upon which it had then paid the tax and had not yet sold. There probably never was a more generous transaction. That was customary, of course, but it was not necessary in this case.

THIS IS NOT ALL—ANTICOUPON PROVISION REPEALED AT SAME SESSION; AND NOBODY BUT THE TRUST COULD BE BENEFITED.

But that was not all that was done at that time. The Dingley Act of 1897 had in it an anticoupon provision, which prevented the giving away of coupons in packages of tobacco. *The use of this coupon system has been one of the chief instruments with which the American Tobacco Company has been able to crush out independent competitors.*

Now pay attention to this: *Not only* in 1902 did we take the tax off of tobacco and restore it to the pre-war rate; not only did we specifically, in positive language, reenact the war-time packages; not only did we enact the drawback provision; not only did we reduce the tax on little cigars—a trust monopoly—from $1, as it was in the act of 1897, to 54 cents, *but at that very same session of Congress—and here is the act*—WE REPEALED THE ANTICOUPON PROVISION THAT DINGLEY PUT INTO HIS LAW—and the tobacco trust was practically the only manufacturer which could benefit.

From the moment the anticoupon law was repealed in 1902 the American Tobacco Company has used it to the most extravagant extent in crushing out any competitor it pleased. If it wished to enter a market and drive a man out of business, it would put into a package of tobacco enough coupons to amount to giving away the tobacco until the competitor was crushed.

Why was it that in 1902, when we reduced the tax on tobacco, we specifically reenacted the package of the war times, permitted them drawbacks on the taxes they had already paid, and cut in half the 1897 tax on little cigars—why, at the same session, did we repeal the anticoupon provision of the Dingley Act, *by the repeal of which the American Tobacco Company has been enabled to use again the most powerful weapon in its possession?*

I have put in the amendment, which I intend to offer to another section, reenacting, in stronger terms, the anticoupon provision of the Dingley Act. I am convinced, from my investigation, that the American Tobacco Company can now stand and do business and get several million dollars of profit without the aid of this coupon strangulation method, which Congress deliberately restored to it when it so accommodatingly repealed the tax and did several other things of which the trust took such advantage.

Mr. LA FOLLETTE. Does the Senator think that remarkable legislation in 1902 was an oversight?

Mr. BEVERIDGE. I question no motives; I put the facts before the country; that is all. I put them before the Senate; it is my duty to do so. If anybody can explain why those things were done, I shall be happy. If they were only coincidents, I shall be glad; but, nevertheless, there they are.

Mr. DOLLIVER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. BEVERIDGE. Certainly.

Mr. DOLLIVER. Will the Senator explain a little more fully about the coupon attachments in the tobacco business, and state why it is that anybody who manufactures tobacco can not avail himself of the coupon method?

THE CRIME OF COUPONS.

Mr. BEVERIDGE. That has quite a history in itself; but stating it simply, the coupon villainy—because that is what it amounts to—is the insertion in a package of tobacco or the giving away with the purchase of tobacco a slip of paper or a band on a cigar—they use that now—or a tag on a plug of tobacco, or something of that kind, entitling the purchaser to another package or to some prize when he presents so many of these coupons. If I had thought about it, I should have brought here this morning the catalogue of the United Cigar Stores Company, which, as you know, is the American Tobacco Company's retail department, which has a great department, which it calls a "profit-sharing department;" and when you present so many coupons which are given with purchases of tobacco you can get prizes of every description.

Now, let us suppose that I am the American Tobacco Company, with $35,000,000 of profits in 1906 on a watered capitalization of $316,000,000, and suppose the Senator from Louisiana [Mr. FOSTER] over there is an independent manufacturer. He is struggling along; he has not got this amount of capital behind him; and I want to drive him out of business. Well, suppose I choose the coupon method; it is the easiest. The American Tobacco Company has many methods; but suppose I choose this one. I begin to go into his market and stuff my packages of tobacco full of these coupons, so that, as I said a moment ago, it amounts to giving away my tobacco until I crush him. He can not follow me; he has not got the capital; he can not give the tobacco away so long as I can, for he has not enough resources to do it. The result is that one of two things happens—either he is ruined and goes out of business, as most of them are doing, or he throws up his hands and says, "Buy me out."

Mr. LA FOLLETTE. It is a method of cutting prices.

Mr. BEVERIDGE. It is a method of cutting prices. Does that answer the question?

Mr. CRAWFORD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from South Dakota?

Mr. BEVERIDGE. Certainly.

Mr. CRAWFORD. There is another matter which I wish the Senator, in connection with his remarks, would develop a little, and that is, why was this method of short weight adopted in the first place? The shortest distance between two points is a straight line. Why did they not increase the revenue by direct act, without that sort of device—by using the short weight?

Mr. BEVERIDGE. They did, of course; that was undoubtedly done for the purpose of enabling them to get the tax out of the people and more; and they are still getting it. That is what I complain of—for example, it would take more fractional packages to make up a pound than it would packages that were not short weight; it would take more of the 1⅞-ounce packages, for instance, than it would 2-ounce packages to make a pound; and since the tax was on the pound, and since the short-weight packages were sold to the customer at precisely the same rate that full weights were sold before, therefore the enactment of the law as to short-weight packages enabled the seller to collect from the consumer the amount of the tax by giving him less tobacco for the same price. That is supposed to be one reason it was done in the first place.

Mr. CRAWFORD. Then it was a mere device to transfer the tax to the consumer? That is the reason it was done?

Mr. BEVERIDGE. That is *one* reason. I am going into this and a good many more things in my next speech, if I am forced to speak again. Remember, meanwhile, that the fractional package affects only smoking and snuff—it DOES NOT touch plug, twist, etc.

When the tax was taken off the manufacturers *still continued to collect it from the people*, but instead of putting that tax, thus collected, in the Treasury of the Government, where it has been needed, the trust *has put it in* ITS OWN TREASURY. I do not blame them—*we* made it possible for them to do just that—we, the Congress, *by taking off the tax* which never should have been taken off.

And I shall, before I am through, trace, from official figures, every dollar of that tax *from the Treasury of the Government into the profits of the trust*—in proportion to its control of the output, which averages over 80 per cent.

I am going to repeat that. There is this strange combination—the tax repealed, the short-weight package reenacted, the drawback provided for, the little cigar tax reduced from 1897

rates, and the anticoupon provision repealed ALL AT THE SAME SESSION.

Now, we shall see how much the trust is benefited by this action.

THE TAX REDUCED AND ADDED TO THE TRUST'S PROFITS.

I said in my original remarks, Mr. President, that the interest which has chiefly profited by all of this is the American Tobacco Company—"the tobacco combination," as the Government's report calls it. When 6 cents was added to the tax in 1898, that tax was added by the trust to the price of the article. The government reports, which are on your desks, show that in every case the tax was added to the price of tobacco, excepting only in the case of cigars, little cigars, and cigarettes.

The 6 cents was added to the price of snuff, the 6 cents was added to the price of smoking tobacco, to the price of plug tobacco, and everything else. WHEN THE WAR TAX WAS TAKEN OFF, the price, which had been increased by the amount of the tax, WAS NOT REDUCED. In other words, the tax was *added to the price when the tax was put on and was retained in the price when the tax was taken off*—THE TAX WE TOOK OFF WAS ADDED TO THE TRUST'S PROFITS.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. BEVERIDGE. I yield.

Mr. BORAH. Do I understand the Senator to say that when the war tax was put upon tobacco that sum was immediately added by the trust to the price?

Mr. BEVERIDGE. I do—instantly.

Mr. BORAH. What, then, will prevent that being done in all these instances in which we put a tax upon things that are controlled by corporations?

Mr. BEVERIDGE. Will the Senator repeat his question?

Mr. BORAH. What would prevent that being done by any corporation where we tax its net income?

Mr. BEVERIDGE. I hope the Senator will not get me off from what I am trying to make the plain and steady current of my remarks into a discussion of some other question.

Mr. NELSON. I hope the Senator will explain how it was done in that case through changing the size of the packages. I think the Senator from Idaho [Mr. BORAH] has lost sight of what the Senator said the other day, in his former speech, about that matter.

Mr. BEVERIDGE. I think the Senator agrees with me heartily that the tax was placed on the article; but he is drawing another conclusion.

Mr. BORAH. I have not lost sight of what the Senator said the other day—in fact, it was impressed upon my mind; nor have I lost sight of the drift of his argument to-day. I think it is conclusive on another proposition that is interesting to the Senate.

Mr. BEVERIDGE. If it is, I am sure the Senator can make the argument better than I can.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Wisconsin?

Mr. BEVERIDGE. Certainly.

Mr. LA FOLLETTE. I wish to inquire of the Senator from Indiana, with respect to the act of 1902, whether he has traced the history of that act and knows whether the provisions to which he has referred were inserted in the House or in the Senate after the bill reached the Senate?

Mr. BEVERIDGE. I think they always originated in the House.

Mr. LA FOLLETTE. Was no attention directed in the Senate, when the bill was pending, to the results of this legislation?

Mr. BEVERIDGE. Not that I can find.

Mr. LA FOLLETTE. It is very remarkable, then; and I agree with the Senator from Indiana that it calls for some explanation on the part of somebody.

Mr. BEVERIDGE. It does, indeed. I merely state the facts. I am not responsible for the facts. Senators think they are startling—of course they are. But there are the facts.

PROPOSED AMENDMENT BASED ON GOVERNMENT REPORTS.

Mr. President, we are peculiarly fortunate in our materials for this present legislation which I propose in this tobacco amendment. We do not have to go upon hearsay. We do not have to go upon what some Senator thinks about an industry in his State. We go upon facts ascertained by the Government from the books of the trust and other sources.

What had been done seems to have begun to get on the conscience of the Government, for Congress authorized the President, some three or four years ago, to direct the Department of Commerce and Labor, under a law which has been on the statute books for some time and which gives it great power in that regard, to investigate the prices, profits, and methods of the tobacco industry. And it was with special relation to the American Tobacco Company, whose monopolistic power had grown so great.

CARE AND ACCURACY OF GOVERNMENT REPORTS.

So, three or four years ago, the President did direct the Department of Commerce and Labor, or the Bureau of Corporations of that department, to make a study and to submit a report as to the question of the prices, of profits, and methods of the tobacco industry. That department took two or three years for that work. It had access to the books of the corporation. It, of course, had access to all of their papers that were filed when they were incorporated. The Bureau of Corporations of the Department of Commerce and Labor has submitted two reports. Here is the first, giving specifically the history of the American Tobacco Company, perhaps one of the most fascinating stories of a financial aggregation that has ever been written, not only for the facts it contains, but for its clear, lucid, and engaging style.

Not only that, Mr. President, but when I made my first remarks upon this subject I asked the Senate to adopt a resolution, which it did, calling upon the President for the information thus gathered; for I knew if I got them I could trace into the trust's treasury, so far as its product is concerned, every cent of this tax which Congress took off in 1901–2, at the same time that we accommodated the American Tobacco Company by repealing the coupon provision, and in several other ways.

Mr. PAYNTER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. BEVERIDGE. I will as soon as I finish my sentence. In response to that resolution, which, upon my request, the Senate adopted, the President directed the Department of Commerce and Labor to submit the facts it had gathered through several years upon this subject.

Mr. PAYNTER. Does the Senator refer to the report which was made by Herbert Knox Smith?

Mr. BEVERIDGE. The first one; and the report submitted to us by the President.

Mr. PAYNTER. I should like to say, in that connection, that that is a very valuable report; that it shows great industry, and an effort to ascertain facts and report them for the public good.

Mr. BEVERIDGE. I agree with the Senator. The Senator is nearly always right.

Mr. PAYNTER. I think the department is entitled to great credit for those reports.

Mr. BEVERIDGE. I am glad the Senator paid that tribute; and I think that if any person will go into the two books I hold in my hand he will find them to be two of the most remarkable works—because they are really treatises—upon an economic and financial subject that Senators have ever seen.

Since the last report, which has been laid on our desks, shows the operations of the trust as to prices, I think that just at this juncture, while we have fresh in our minds the repeal of the tax, the repeal of the anticoupon provision, and the reenactment of the short-weight package provision, I should detain the Senate for just a few moments as to the history of the trust.

FASCINATING HISTORY OF THE TOBACCO TRUST.

It began in 1890 by the organization of the American Tobacco Company. It was formed by several of the largest firms that manufactured cigarettes combining—pooling their issues—and forming this corporation, which took in all of their properties. Even at that time it had a monopoly of the cigarette business. *It had a capitalization of $25,000,000* AND TANGIBLE ASSETS OF ABOUT $5,000,000. And in order that you may know the significance of the things I am going to relate, I will say that it increased that capitalization, through all the tangles of financial manipulation and kindly legislation which these reports reveal, FROM $25,000,000 IN 1890 TO $317,000,000 AT THE PRESENT TIME, MOST OF WHICH WAS AND IS NOW "WATER."

Immediately after its formation the profits of this corporation were so great that it resolved to enter other tobacco fields. It first began on plug tobacco. It bought out the concern that produced "Battle Axe Plug," and Senators will remember—I remember it very distinctly—that about 1892 or 1893 there were enormous advertisements of "Battle Axe Plug." That was the first assault of the then infant trust upon the plug-tobacco business of the country.

So furious was the warfare which it waged at that time—making little money upon its plug business in order to force these other companies into its arms—that it succeeded in gathering in nearly all of the largest competitors in the plug business, or forcing them to agree to enter the combination. Then it entered the smoking business with the same methods. And finally,

as I shall show later, it entered the snuff business, of which it now has an almost exclusive monopoly.

When the Spanish war broke out, or just before, negotiations were on foot with these concerns for a combination of these manufacturers of plug and smoking tobacco into a corporation precisely like the American Tobacco Company, that should monopolize that business just as the American Tobacco Company was monopolizing the cigarette business.

But because of the scare of the Spanish war they were a little bit timid, and the plan did not go through; but it was on foot. This new concern, which was formed a little later, was, of course, controlled by the American Tobacco Company.

DRAMATIC ENTRANCE OF TRUST'S MOST BRILLIANT MEN.

Just at this juncture there enters upon this story its most dramatic and most powerful figure. In studying the history of the development of this mighty organization it has become clear to me that some man whose abilities amount to genius has been directing its general policy. While great ability had been shown before, no such striking talent was exhibited as from 1898 on.

It was just at this time that this extraordinary man—and I refer to Mr. Thomas F. Ryan (for I am sure it was he) and his group of financiers in New York—foresaw all that was to happen in the future and resolved to force their way into the American Tobacco Company; and for that purpose they used against the American Tobacco Company the same weapons which it had used against the independents, but with more skill and vigor.

Mr. Ryan, Mr. Brady, Mr. Widener, Mr. Elkins, Mr. Whitney, Mr. Payne, and others, some time in 1898, organized what was called the "Union Tobacco Company." The Union Tobacco Company bought out the National Cigarette Company, the Blackwell's Durham Tobacco Company, located in the State of the Senator from North Carolina, which was, I believe, the largest and most important plant outside the combination that manufactured smoking tobacco; and they got an option upon the greatest producers of plug tobacco in the United States, which up to that time the trust had not been able to buy or to force or induce by any method into itself. I refer to Liggett & Myer, of St. Louis, Mo.

THEIR FIRST ASSAULT ON THE AMERICAN TOBACCO COMPANY.

So, equipped with this great cigarette company, with the "Bull Durham" factory, and with an option upon the Liggett & Myer concern in St. Louis, the Union Tobacco Company, having at its head that Napoleon of modern financial organization, Mr. Ryan, began its attack upon the American Tobacco Company.

So furious was the assault, and so formidable were the attacking forces, that the man at the head of the American Tobacco Company, Mr. Duke, also a wonderful man in force and resourcefulness, with his associates, saw that it was the part of wisdom to buy out the Ryan syndicate and to let them into the American Tobacco Company—which was exactly the purpose Mr. Ryan and his associates had in mind.

So that, some time in 1898, the American Tobacco Company bought the Union Tobacco Company, thus acquiring Liggett & Myer, the "Bull Durham" Company, and the National Cigarette Company. This may be interesting to some of you who can remember the great posters on all the walls just as the war was over, portraying Admiral Dewey and the American flag, and all that sort of thing, and bearing the legend: "National Cigarettes—not made by a trust"—but made by the Union Tobacco Company for the purpose of compelling the trust to take them in.

When the trust bought out this company, and thus acquired these properties, the men to whom I have referred—Mr. Ryan and his associates—went upon its board of directors.

Mr. LA FOLLETTE. What men?

Mr. BEVERIDGE. Thomas F. Ryan, Mr. Whitney, Mr. Elkins, Mr. Widener, Mr. Brady, Mr. Payne, of the Standard Oil Company—they are sometimes referred to as "the Standard Oil group"—entered the tobacco combination, and they remain, those of them who have not died, from that day up to this time, members of the board of directors and the ruling spirits of the trust—especially Mr. Ryan.

On December 10, 1898, the Continental Tobacco Company was formed. It was made up of all the properties—the plug and smoking properties of the American Tobacco Company on the one hand, and all of the remaining big independents that the American Tobacco Company had not forced into the combination on the other hand. It was the consummation of the plan that the American Tobacco Company started out with in 1897, to which I referred a moment ago. The Continental Company was merely the American Company in another form, with some new men in it representing the properties which it bought out. The Continental took over all of the smoking and plug business of the combination, and left the American Tobacco Company its original cigarette business.

ALL CONGRESS DID IN 1902 WAS ANTICIPATED BY TRUST IN 1898—THE FORESIGHT OF GENIUS.

Mark you, the Union Tobacco Company was formed in 1898. At the time Mr. Ryan and his clique came in the Spanish war was practically over. *They certainly foresaw that the tax would be removed.* They could reason that out, no doubt, from the past history of the country. But apparently *they foresaw that the fractional package would be continued.* And *they seem also to have figured out that the Dingley anticoupon law would be repealed and the other things done that actually were done* in 1901–2. It was the instinct and prescience of genius.

At all events, they proceeded upon that line. And so, immediately after the Union Company had gotten into the trust—immediately after the American Company "bought" the Union Company, and the Continental Company was formed, there began a series of remarkable corporate organizations. The American Snuff Company, which now controls from 92 to 95 per cent of the snuff output of this country and is actually making so much money that even it is ashamed of it, was organized in March, 1900. The American Cigar Company was organized in January, 1901. So great was its audacity that the trust began the *conquest of the retail trade* by organizing the United Cigar Stores Company in 1901; and the final stroke, the formation of what is known as the "trust," came in June, 1901, when the Consolidated Tobacco Company was organized.

The Consolidated Tobacco Company, as I said the other day, was in reality a "holding company." It was very much like the Northern Securities Company. I ought to pause a moment to say something with regard to its formation, because it throws so much light upon subsequent transactions here and elsewhere. It offered its 4 per cent bonds for the common stock—the voting stock—of the American Tobacco Company, at a ratio of $200 of bonds for $100 of stock, and for the common stock of the Continental Company at the ratio of $100 of bonds for $100 of stock. To the stockholders this appeared to be an excellent proposition, for a great deal of the stock of these older companies had now gotten into the hands of the public.

It had gone, for instance, to a certain firm for the purchase of its plant; then they had sold it, and it had gotten into the hands of the public. The persons who then held it could not have known, not being "on the inside"—and I quote the Government's report's exact words—what was about to develop. The common stockholders did not know the value of their stock. They did not know that even in getting $200 of 4 per cent bonds for $100 of stock they were making a bad bargain.

DARING FINANCIERING OF TRUST; FABULOUS QUANTITIES OF SECURITIES ISSUED ON FORESIGHT.

And so, almost universally, this offer of the Consolidated Tobacco Company was accepted by the holders of the common stock of both companies, and they surrendered their stock for the bonds of the new company.

Thus there came into the hands of a very few men—not to exceed, I think, 10 men all told—the great majority of the common stock of the American and of the Continental Tobacco companies, which entitled them to all of the profits over and above the payment of the interest on the bonds and preferred stock; and, as we shall see in a moment, the interest on the bonds was a trifling thing compared with the profits to which the holders of the common stock thus became entitled.

Mr. President, that was a very daring thing. It involved the *issue of* ONE HUNDRED AND FIFTY-SEVEN AND ODD MILLIONS *of 4 per cent bonds.* It involved some of the boldest and most gigantic financiering that ever has been seen in the history of financial manipulation. But even the men who conceived this plan and executed it never would have done it if they had not foreseen the great probability of the enormous profits which would come from that business combination.

I said a moment ago that I could explain it only through the astounding foresight of that wonderful man, Mr. Ryan, and Mr. Duke also, who evidently foresaw that the tax was going to be reduced and other things done. He apparently foresaw everything that subsequently happened. And, Mr. President, in order to show that I am not wrong about that, that I am not speculating, I wish to read what the Government's report says upon that subject.

The question was whether such an enormous transaction as that would be profitable or not. The report says:

GOVERNMENT'S REPORT DECLARES TRUST MAGNATES ANTICIPATED THE ACTION OF CONGRESS IN 1901–2.

Nevertheless the transaction actually proved enormously profitable to the men who organized the Consolidated Tobacco Company. Those men had been for the most part in the directorates of the American

and Continental companies, and they were in a far better position than most outside stockholders to form a correct judgment as to the probable great increase in profits that was likely to occur in the near future.

Now, listen:

The probability of such an increase in profits *lay in the changes of the internal-revenue taxes on tobacco products.* Those taxes had greatly increased in 1898, to provide funds for the Spanish war. Already, before the organization of the Consolidated, Congress had passed an act to reduce the tax on "manufactured tobacco"—that is, on chewing and smoking tobacco—and snuff from 12 cents to 9.6 cents—

That was the first reduction, made in 1901—

per pound, and that on cigarettes from $1.50 a pound to $1.08 per thousand. This reduction was to take effect on July 1, 1901, or a few weeks after the consolidation was established.

Presumably, also, the *directors of that concern foresaw that the tax on manufactured tobacco and snuff would be still further reduced later.*

This is from the report of the Department of Commerce and Labor, mind you. And that report continues:

This actually occurred. In 1902, when the tax had been advanced, the manufacturers of tobacco had barely been able to raise prices sufficiently to recoup themselves.

But the trust did recoup itself handsomely, even on the basis of its enormous overcapitalization—even on the basis of its oceans of watered stock. The report continues:

But the men connected with the Consolidated evidently foresaw that prices would not have to be reduced by an amount at all commensurate with the reduction in the taxes, particularly in view of the large proportion of the business now possessed by the combination and its subsequent large measure of control over prices, and that consequently profits would greatly increase—

All foreseen, you observe—

Such, in fact, proved to be the case. On the basis of the rate of earnings of the American and Continental prior to the formation of the Consolidated it would scarcely have been possible to pay dividends on their preferred stocks and interest on the Consolidated bonds—

Remember, most of the stock was water—

During the three years and four months following the organization of the Consolidated, however, *the earnings of the two companies were sufficient to pay those charges—*

And also leave a profit of fully $30,000,000 to the Consolidated on its investment of $30,000,000.

MONOPOLY AIDED BY CONGRESS' SPECIAL LEGISLATION.

Mr. TILLMAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. BEVERIDGE. Certainly.

Mr. TILLMAN. The statement of the enormous profits which the Senator is enumerating, coming from official sources, very naturally causes me to inquire whether these consolidations or combinations were in restraint of trade?

Mr. BEVERIDGE. That is another question. I am directing my investigations now to this tax.

Mr. TILLMAN. But how did the profits come? Was a monopoly created?

Mr. BEVERIDGE. Yes; a monopoly was created.

Mr. TILLMAN. Was an unfair advantage taken of the people, and was there indirect or direct robbery by this combination?

Mr. BEVERIDGE. I should think so.

Mr. TILLMAN. In that event, what became of the Sherman law, with the sword of Damocles hanging over the heads of all malefactors, of great wealth or small wealth? Whose business was it to see about restraining these people from restraining trade?

Mr. BEVERIDGE. It was, first of all, the business of the Congress of the United States not to put into its hands the weapons with which to crush out its rivals unfairly. But I wish the Senator would not divert me.

Mr. TILLMAN. I do not want to divert the Senator from the line of his argument. I was simply curious to know how this monopoly was allowed to grow and cover the field.

Mr. BEVERIDGE. We helped it grow.

Mr. TILLMAN. That is very true, perhaps.

Mr. BEVERIDGE. We helped it grow by special legislation in this Congress.

Mr. TILLMAN. Possibly through some lobby influence here?

Mr. BEVERIDGE. No; I do not suggest that at all—unwittingly, no doubt.

Mr. TILLMAN. We simply played the fool? [Laughter.]

Mr. BEVERIDGE. Was the Senator here when I called attention to what was done in 1902?

WE HELPED THE TRUST IN 1902; SHALL WE HELP IT NOW, OR SHALL THE GOVERNMENT AGAIN GET THE MILLIONS OF REVENUE IT IS LOSING EVERY YEAR?

Mr. TILLMAN. No; I was not in the Chamber at that time.

Mr. BEVERIDGE. Then I want to call the attention of the Senator to what I said, so that he will get the idea I wish to convey. I am sorry that the Senator was not here to hear my poor remarks. I said—and I said it three times, because I wanted to call attention to it—that in 1902, when all the tax was finally removed, three other things were done: First, the tax was removed; second, the war-time fractional packages were specifically reenacted; third, the anticoupon provision of the Dingley law was repealed; fourth, the 1897 tax on little cigars, made almost exclusively by the trust, was reduced. Now, I have no explanation to give——

Mr. TILLMAN. Were those accidents?

Mr. BEVERIDGE. I present the facts and the Senator can draw his own conclusion.

Mr. TILLMAN. I wish to inquire if the Sherman Act was violated, those who had taken the oath of office to see that the laws were enforced——

Mr. BEVERIDGE. I wish the Senator would not get me off this tax question. What I am trying to get the mind of every one of the Senators to is a series of facts. I will follow this other branch of the matter up with the Senator at some other time.

Mr. TILLMAN. I want the Senator to drive all those facts home——

Mr. BEVERIDGE. Certainly.

Mr. TILLMAN. By attracting the attention of the country to the fact that we have a law which does prohibit and would have prevented this, but it sleeps.

Mr. BEVERIDGE. Oh! We did not have a law which prevented us from passing the laws we passed in 1902, of which the trust took such advantage.

Mr. TILLMAN. If Congress did directly respond——

THE RESTORATION OF THE TAX THE IMPORTANT THING; PROSECUTIONS WON'T RESTORE THE MONEY.

Mr. BEVERIDGE. I am going to make these facts clear, if the Senator will permit me. I am going to get through with this tobacco-tax argument. I am sorry the Senator was not present earlier. I presented the facts gathered by very patient and long investigation, showing how absurdly small the tax is, in the first place, in comparison with that of other countries. The Senator walks right in in the midst of my reading from a government report and wants to know if some person has not done something. Now, if the Senator will permit me to go on——

Mr. TILLMAN. I will shut up.

Mr. BEVERIDGE. I am very glad to have the Senator ask me any question, but I am stating here the facts from government reports and from records which show, beyond all question, the wrong that has been done to the Treasury of this country, and to the benefit of "the tobacco combination." The Senator knows I will be glad to answer any question directed to that point, but I will thank him not to divert me from the line of my argument.

Mr. TILLMAN. I do not want to interrupt the Senator if he objects to it. I wish to make the inquiry as to whether this outrage could have been prevented, and if the Senator does not think the law could stop it?

Mr. BEVERIDGE. The tax? No! Only my amendment can remedy that. As to law violations the law could and did stop corporate transgressions of its provisions when the Northern Securities Company was formed. A suit was brought by the administration through its Department of Justice to dissolve it. It was a holding company. The Supreme Court decided that it was a violation of the Sherman antitrust act of July 2, 1890. The Consolidated Tobacco Company, which was the technical tobacco trust, was organized in June, 1901, by a group of what are known as "financiers," which was then called the "combination." It continued a corporation until 1904—that is, for three years.

When the Supreme Court in the Northern Securities case dissolved that vast corporation, it was a blow equally at the Consolidated Tobacco Company, which was the technical trust, and it dissolved in October, 1906. The men in charge of the execution of the laws actually did execute them, and they dissolved not only the Northern Securities Company, but by reason of that decision the Consolidated Tobacco Company dissolved itself.

Mr. TILLMAN. So we have no trust now.

Mr. BEVERIDGE. Yes; we do have a trust now. I am coming to that, and I will not be diverted. If the Senator will only listen to facts, instead of trying to put some blame on somebody who is blameless, he will have a clearer idea of this question.

Mr. TILLMAN. I do not want to blame any person.

Mr. BEVERIDGE. There were more prosecutions, and more successful prosecutions, begun under the Sherman antitrust act during the last two administrations than in all the history

of this country under every administration since the enactment of that law; and the most notable was the Northern Securities Company case, and the most immediate effect of that decision was the dissolution in October, immediately after that decision, of the Consolidated Tobacco Company, which was a holding company. When you come down to the history in the case, the truth is that there never have been such prosecutions under that law as those under the last two administrations.

TRUST'S ALLEGED "DISSOLUTION" NOT IMPORTANT; LET US IN THE FUTURE GET BACK THIS MONEY BELONGING TO THE GOVERNMENT.

Mr. CARTER. Mr. President——

Mr. BEVERIDGE. I beg Senators not to divert me to the antitrust law when I am trying to get the facts of this combination and the tobacco tax before the Senate.

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Montana?

Mr. BEVERIDGE. Oh, well, yes.

Mr. CARTER. Does the Senator not realize that there is now pending in the Supreme Court on appeal by the tobacco company a case wherein the judgment of the district court, approved by the circuit court of appeals, actually dissolved this trust? If that judgment shall be confirmed by the Supreme Court, it will be quite effective.

Mr. BEVERIDGE. Effective of what? Will that get for the Government the millions the trust is now taking from the Government's Treasury and putting in its own treasury? I thank the Senator for reminding me of that, but I must decline to be diverted from this argument about the tax. I do not mean that the American Tobacco Company shall escape the tax if I can lay the facts before the Senate. I intend that the facts shall be before Senators when they go on record with their votes on this amendment.

Mr. TILLMAN. Mr. President——

Mr. BEVERIDGE. Will the Senator permit me to go on with what the government report says?

Mr. TILLMAN. Will the Senator allow one sentence?

Mr. BEVERIDGE. Oh, of course—I must.

Mr. TILLMAN. I do not want to labor under the imputation, insinuation, or accusation of appearing to pull the Senator away from a very necessary exposé of somebody's information, because all these millions could not be piled up accidentally. There is some rascality somewhere.

Mr. BEVERIDGE. That is the Senator's construction. I am not drawing conclusions now; I am stating facts.

Mr. TILLMAN. When the Senator says I am trying to divert him from the line of his discussion and his presentation of facts with a view, perhaps, to wound his argument or to disarm his accusation, or whatever it is, I want to find out who is the "nigger in the wood pile" here.

Mr. BEVERIDGE. If the Senator will be patient I will reveal to him all the "niggers in the wood pile" that can be uncovered. Now, I want to go on with those facts.

Mr. TILLMAN. To what purpose, if I may ask?

Mr. BEVERIDGE. To the purpose of adopting an amendment which shall partially restore the war tax which ought never to have been taken off. To the purpose of putting again into the Treasury of the United States the millions of dollars that are now going to the American Tobacco Company every year. To the purpose of stopping the coupon infamy which the trust has been permitted to use by the special act of Congress in 1902. To the purpose that all this tax which the trust has been collecting from the people since we took it off shall again go to the Treasury of the United States. That is the purpose of offering this amendment.

Mr. TILLMAN. In other words, if the amendment does not pass, the infamy will continue.

Mr. BEVERIDGE. There is no question but that it will continue. They will continue to collect the money from the people and put it into their own pockets, for the report laid before us by the President shows that is exactly what they are doing now.

Mr. TILLMAN. I do not want to interfere with the Senator. He seems to be in bad temper.

Mr. BEVERIDGE. Not all all, though I might be excused if I were, under the circumstances—when Senators are trying to divert me from this tax question and getting this money back, by going into antitrust prosecutions and "dissolutions of the trust" and all that. I said in the beginning that I would be brief, and I want to be permitted to be brief. *I will not permit the Senate to be diverted from the real question of the tax.* I am merely presenting the facts in this case. I am presenting them as logically as I can, and I want to get them before the Senate, and I do not want the mind of the Senate to be diverted from the facts as they are. I wish to call the mind of the Senate back to the point where I broke off.

DOES THE TRUST OR THE GOVERNMENT NEED THE REVENUE THE MORE?

Mr. TILLMAN. I wish to make just one suggestion, and then I will not trouble the Senator any more. If he finds that the Senate does not agree with him in the necessity for incorporating this amendment in the tariff bill, is he hopeless of stopping this infamous robbery through the Sherman antitrust law?

Mr. BEVERIDGE. Mr. President, I am certain that when these facts are laid before the Senate, if ever I am permitted to get them before the Senate, the Senate will put this amendment on the bill. It should go on the bill. The other House increased the tax on cigarettes. That was perfectly proper. The Senate committee struck that out. Not many Senators here know of that. I don't think many Senators will be beguiled to vote against this amendment in the face of all these facts.

I suppose I will be confronted here with the statement, "Oh, well, we need the revenue, perhaps, and this tax ought to be put on, but put it off until another day; we do not need it now." Just that and other things have been said to me. As a matter of fact, the internal-revenue features have been on every tariff bill. I have learned that where the facts concerning anything are laid before the Senate, or before either House of Congress, if Congress is responsive and it is the subject of discussion at that time, that is the time to get it. There is no reason why the American Tobacco Company should be permitted to continue to charge this increased price to the people and not pay the tax which is included in that price. This is a question of revenue. I propose an amendment which shall bring in $20,000,000 every year—$20,000,000, which the manufacturers now collect from the people and put in their own pockets.

Mr. TILLMAN. I hope the Senator will pardon me. The remarkable statement which the Senator makes is that the people are already paying this money, but that the tobacco trust is getting it, and not the Treasury. Is that a clear understanding of his contention?

Mr. BEVERIDGE. Yes; as far as their proportion of the business goes, which averages over 80 per cent, exclusive of cigars.

Mr. TILLMAN. If it is the truth, it can not be reiterated too often.

Mr. BEVERIDGE. It is the truth and less than the truth. I am sorry the Senator——

Mr. TILLMAN. I will try to pacify the Senator by telling him that I will vote for his amendment.

Mr. BEVERIDGE. That does pacify me.

Mr. TILLMAN. Very well. I want the Senator to so convince others that we may have a unanimous agreement.

I still want to find, if the Senator should accidentally fall down and his labors and his eloquence are in vain, whether we are helpless, whether the Sherman antitrust law is still going to be honestly used by men who want to stop the devilment.

Mr. BEVERIDGE. Undoubtedly; but why should I "fall down," as the Senator says?

NO ANTITRUST PROSECUTIONS OR CONVICTIONS WILL RESTORE THE TAX.

Mr. TILLMAN. Now then, I have got all I want, as I learn we can get this relief whether the amendment goes on or not.

Mr. BEVERIDGE. Oh, no! *A million prosecutions under the antitrust law will not give the Government this revenue which the manufacturer now is collecting and keeping. Nothing but raising the tax will do that.* We are not going to cheat the revenues of this country out of this $20,000,000 annually any longer. In view of the facts that is unthinkable. Now, if the Senator will permit me to continue, the history of the trust—I want the Senator to learn about its history.

Mr. President, the Consolidated Company was formed in June, 1901. The Senator was not here at the time I stated that and I will go over it again. At the time it was formed what are called "the financiers"—because none of them were practical tobacco men—entered the tobacco combination. It was evidently foreseen by some one that the tax would be taken off and that everything would happen that has happened; otherwise even men as bold and resourceful as this particular group would not have risked those enormous financial operations.

I was reading, when the Senator interrupted me, just what the government report said about it, and I will continue:

GOVERNMENT REPORT'S COMMENTS ON TRUST'S FORESIGHT CONTINUED.

Such, in fact, proved to be the case. On the basis of the rate of earnings of the American and Continental prior to the formation of the Consolidated it would scarcely have been possible to pay dividends on their preferred stocks and interest on the Consolidated bonds—

Nearly all "water," mind you—

During the three years and four months following the organization of the Consolidated, however, *the earnings of the two companies were sufficient to pay those charges and also to leave a profit of fully $30,000,000 to the Consolidated on its investment of $30,000,000 (part of the time $40,000,000).*

Think of that—*earnings sufficient to pay dividends on scores of millions of watered stock and $30,000,000* PROFIT IN ADDITION on an investment of $30,000,000!

The report continues:

That company during this period of time paid $6,000,000 in dividends, accumulated a surplus of $17,000,000, and substantially became entitled also to the increase in the surpluses of the American and Continental companies, amounting to over $7,000,000.

The *benefit* of this increase in profits was, by reason of the organization of the Consolidated, *largely concentrated in the hands of a few men.* This is seen in the fact that immediately after the organization of the Consolidated more than half of its shares were held by six men—James B. Duke, A. N. Brady, O. H. Payne, Thomas F. Ryan, P. A. B. Widener, and William C. Whitney. Through the ownership of the stocks of the American and Continental by the Consolidated these six men were moreover in position to dominate the entire combination. The same six men had just previously owned only a minority of the stocks of the American and apparently very little of the Continental, though they had been very powerful in the management of both.

Most of these men, it will be observed, were the financiers who had entered the combination in 1898 and 1899. They and a few associates had supplied the greater part of the new capital now made available for the expansion policy; but they did so only because it was evident that, through the organization of the Consolidated, they might enormously increase their power and their share in the *prospective profits* of the business.

I do not want to tire the Senate, but the report goes on. Will the Senator listen to this?

The most important reason why they might foresee an increase in profit lay in THE FORTHCOMING REDUCTION OF THE TAXES ON TOBACCO. These taxes had been increased during the Spanish war, and the *prices of tobacco had been advanced sufficiently to transfer all or a large part of the added taxation to the consumer,* which is, of course, in accordance with the theory of this method of taxation. Already, before the organization of the Consolidated Tobacco Company in June, 1901—

But *after* the financiers entered the combination, remember. The report continues—

Congress had passed an act reducing the taxation on manufactured tobacco, as well as on snuff, by 20 per cent. This act passed March 2, 1901, and was to take effect July 1 of that year. It would make the tax on manufactured tobacco 9.6 cents per pound instead of 12 cents. It is quite likely, moreover, that *the inside interests anticipated a still further reduction of the tax,* which had not yet been brought down to the level existing before the war. As a matter of fact, by the act of April 12, 1902, the tax on manufactured tobacco *was* reduced to 6 cents per pound, the rate that had existed before the war.

It is much easier to keep up the price of an article when people have become accustomed to it than to advance it.

I do not want to take the time of the Senate, but I think that is worth reading.

LICORICE.

Mr. PAYNTER. Will the Senator yield to me at this point?

Mr. BEVERIDGE. Certainly.

Mr. PAYNTER. I wish to make a suggestion which will be, I think, of some interest. The Senator is already acquainted with it. He stated a moment ago that the House had increased the tax on cigarettes and the Senate Committee on Finance had reduced it.

Mr. BEVERIDGE. Yes; I said so.

Mr. PAYNTER. I wish to make the statement in this connection that paragraph 680 places licorice and extracts of licorice and many other forms upon the free list; and it is very important for the Senate to be advised that the American Tobacco Company makes 98 per cent of that product in this country.

Mr. BEVERIDGE. Yes. I am coming to that in a moment.

Mr. PAYNTER. And the Senate Committee on Finance has taken it from the free list.

Mr. BEVERIDGE. I am glad that the Senator has called my attention at this time to what has happened in the bill now before us. The House increased the tax on cigarettes. I stated it when I began my speech. In the second sentence I said the Finance Committee had struck out that increased tax on cigarettes, of which the American Tobacco Company is the greatest manufacturer.

There was not a Senator here who knew it until I told him. I made the statement that I was satisfied some members of the Finance Committee did not know that they had struck out the increased tax on cigarettes. I stated that, too, the second time.

In the next place, licorice paste, as the Senator from Kentucky——

Mr. PAYNTER. In all forms.

Mr. BEVERIDGE. Licorice, as the Senator so well says, is almost a monopoly of the American Tobacco Company. I have letters which I will present to the Senate from the independents, stating that they are compelled to buy the licorice paste from the American Tobacco Company or go without it. There are two little factories, one in Rhode Island and one in New Jersey, which say they are not in the trust. Licorice paste was placed on the free list by the House. It was struck from the free list by the Senate committee, and I introduced an amendment here the other day putting it on the free list again.

The legislation in my amendments involves four things.

First, the restoration of *part* of this tax; second, the reenactment of the Dingley anticoupon provision; and third, the putting on the free list of the licorice paste controlled by the trust; fourth, the 1897 rate on "little" cigars monopolized by the trust. Senators can do just as they please about it. I suppose there are votes here to defeat it, but it will not be done without Senators knowing the facts and the country knowing that they know the facts.

Mr. DIXON. Will the Senator yield to me?

Mr. BEVERIDGE. Certainly.

Mr. DIXON. When the revenue tax was repealed in 1902, were these facts brought before the Senate or the House at that time, or was it done by a unanimous vote?

Mr. BEVERIDGE. No attention was paid to it, I was surprised to find. I referred to the fact in my first speech that it went through in that former period of legislation, where such things were taken on faith. We are now rather disturbing that method of legislation; we are actually looking into things. The Senator knows very well how things used to go just as a matter of course. It was not expected that there would be any question raised.

Mr. DIXON. Was there any debate?

Mr. BEVERIDGE. None at all in the Senate.

The repeal of the anticoupon provision of the Dingley law, the reduction of the tax on little cigars from the *rate fixed in the act of 1897*, which was and is almost a monopoly of the trust; the reenactment of the short-weight packages; the reduction of the tax on all forms of tobacco, were done at different times of the same session without a word of debate in this body. The Finance Committee would merely formally report a little House bill and, without a word, it would go through without anybody paying the slightest attention to it. That is the case as it stands.

WHAT THE TRUST MAGNATES "EXPECTED;" AND WHAT ACTUALLY HAPPENED.

Now, Mr. President, the report goes on:

They probably—

Says the Government's report, speaking of the men who were engineering the trust—

therefore *expected an* INCREASE OF PROFITS *corresponding approximately* TO THE REDUCTION OF THE TAX—an increase of very great importance. As a matter of fact, as will be more fully shown in a subsequent report, PRECISELY THIS HAPPENED; the prices were kept up both after the first reduction of the tax, which went into effect July 1, 1901, and after the subsequent reduction in 1902, to approximately the same level as before, *and the amount of* THE DIFFERENCE IN THE TAX *was in very large part* ADDED TO THE PROFITS of the two companies.

So it appears that at the time when what I have twice heretofore called "a great genius" of financial generalship, a man whose foresight in affairs of this kind was that of a seer, entered this combination and laid the plans, *everything was anticipated*, and THAT VAST CAPITALIZATION WAS DONE UPON THE ASSUMPTION THAT CONGRESS WOULD AFTERWARDS DO HERE EXACTLY WHAT CONGRESS DID DO HERE.

The trust's managers thought the tax would be taken off, and *the tax was taken off.* They wanted to keep up the price notwithstanding the tax was taken off, and they did keep it up. They wanted again to use that weapon—the coupon—that they had formerly used with such terrible effect that Governor Dingley put the anticoupon provision in the law in 1897. They thought it would be repealed, *and it was repealed.* They thought the short-weight packages would be reenacted, *and they were reenacted.* And *far* more important than all, *they* BELIEVED THE TAX WOULD BE REPEALED, AND IT WAS REPEALED.

Now, by reason of the decision of the Supreme Court in the Northern Securities case, the Consolidated dissolved in October, 1904. It dissolved in New Jersey, which has a law permitting the merger of various corporations. So under the laws of New Jersey this merger occurred. The Consolidated, the old American, and the Continental were all merged into the new American Tobacco Company. So the merger—the new American Tobacco Company—is the final result of this amazing corporate growth. It has absorbed over 250 separate concerns up to date. It has more than 86 subsidiary companies.

TRUST'S MONOPOLISTIC CONTROL OF TOBACCO.

According to the government report, that is not disputed, it now controls to-day on the average *more than 80 per cent of the total output of smoking and chewing tobacco, snuff, and cigarettes.* The only thing it does not control is a majority of the output of cigars, and the only reason it does not control those is because cigars are still made by hand; and, therefore, they are made in every little town in the country. The workmen still make them themselves. That is the reason I did not increase the tax on cigars made by these common workmen, and I still

further modified my amendment after consulting with the union-labor men so as to protect absolutely every one of them.

Cigar making is holding out against the American Tobacco Company; the only reason it is doing it is that the industry is by hand and not by machinery. The trust has expended a vast amount of money in experimenting, or making machinery for manufacturing cigars. They have not been successful. They are successful in little cigars, therefore they nearly monopolize them. *The tax on little cigars was reduced in 1902 nearly 50 per cent below the rate existing* BEFORE THE SPANISH WAR. When that is considered in connection with the other things done at times, I am sure no Senator will vote against this amendment. How can any Senator vote against it with all this *evidence* before him?

I want to state again and impress the Senate with the amount of this monopolistic power. We have heard a great deal of debate this session about the so-called "steel trust."

I heard the junior Senator from Iowa [Mr. CUMMINS] say that the steel trust controls 52 per cent of the total output—I think that was a statement he made; was it not 52 per cent? And everybody conceded that 52 per cent of the output gave it a monopolistic power, so that it might fix the price. *The American Tobacco Company has not got any little 52 per cent control of the output of tobacco, etc.*—IT CONTROLS MORE THAN 80 PER CENT OF THE OUTPUT. That is the most complete monopolistic power of any financial or industrial organization in the world, with the exception of the Standard Oil Company and the cash-register trust. That is what I wanted to call the attention of the Senator to, because I knew he had been thinking about it.

Mr. DIXON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Montana?

Mr. BEVERIDGE. Yes.

Mr. DIXON. Has the Senator from Indiana, in the course of his investigations, been enabled to determine whether or not the United Cigar Stores Company, whose stores we see in all our cities, is a part of the American Tobacco Company?

Mr. BEVERIDGE. Yes; and I will show that to the Senator in just a minute. I am coming to that. The United Cigar Stores Company is the trust's retail department.

THE MERGER AND "DISSOLUTION" OF THE AMERICAN.

Now, Mr. President, we have gotten down to the merger.

Mr. RAYNER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Maryland?

Mr. BEVERIDGE. I do.

Mr. RAYNER. Mr. President, I do not know whether it is exactly pertinent to this branch of the discussion, but the circuit court of the United States has dissolved this corporation, and the argument in connection with its dissolution sustains very strongly a great many of the propositions which the Senator from Indiana is discussing. I shall just read a few lines from that decision, if the Senator does not object. I have the decision before me. I do not know whether the entire Senate is familiar with it, but it is very important in connection with this discussion. The decision is contained in a report which has been printed here in the Senate:

> Special attention is invited to the case of the United States *v.* The American Tobacco Company, supra. It involved the validity of the absorption of various independent companies by the American Tobacco Company and was tried before four circuit judges on the certificate of the Attorney-General under the act of February 11, 1903. The case was decided November 7, 1908, three of the judges, in separate opinions, declaring the absorption illegal. All of these opinions are interesting and able, but it will suffice to quote from that of Circuit Judge Lacombe:

Just for a moment on that point. Here is what the judge says in rendering his opinion dissolving this company. If the Supreme Court sustains that dissolution, that will be an end to the American Tobacco Company, and I suppose it will resolve itself into its component or constitutent parts.

Mr. TILLMAN. If the Senator will pardon me, what will become of all these watered stocks and these bonds which have been put on the market?

Mr. RAYNER. I can not tell anything about that. I do not know what will become of them.

Mr. TILLMAN. What does the dissolution mean if it leaves the snake alive, crawling around in pieces?

Mr. RAYNER. I am not arguing the proposition. The Senator from South Carolina will have to argue that with the judges who decided this case. I am very strongly impressed with the speech of the Senator from Indiana. I wish, however, to read, in addition, these few lines:

> LACOMBE, *C. J.*: The act of July 2, 1890, in its first section declares to be illegal "every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations." That declaration, ambiguous when enacted, is, as the writer conceives, no longer open to construction in the inferior federal courts. Disregarding various dicta and following the several propositions which have been approved by successive majorities of the Supreme Court, this language is to be construed as prohibiting any contract or combination whose direct effect is *to prevent the free play of competition, and thus tend to deprive the country of the services of any number of independent dealers, however small.* As thus construed the statute is revolutionary. By this it is not intended to imply that the construction is incorrect. When we remember the circumstances under which the act was passed, the popular prejudice against large aggregations of capital, and the loud outcry against combinations which might in one way or another interfere to suppress or check the full, free, and wholly unrestrained competition which was assumed, rightly or wrongly, to be the very "life of trade," it would not be surprising to find that Congress had responded to what seemed to be the wishes of a large part, if not the majority, of the community, and that it intended to secure such competition against the operation of natural laws.

Now, in conclusion the court says this:

> It is contended that the case at bar is not within the statute since the various combinations complained of deal primarily with manufacture, and United States *v.* Knight (156 U. S., 1)—

That is the sugar-refining case. That is the reason that this case strikes me with such great effect—

> is cited in support of that proposition. It seems to the writer, however, that subsequent decisions of the Supreme Court have modified the opinion in that case, and that the one at bar is as much within the statute as was the combination condemned in Loewe *v.* Lawler (208 U. S., 274).

So that this case dissolving this company is now on appeal to the Supreme Court of the United States; and if the Supreme Court of the United States affirms the decision of the circuit court, the American Tobacco Company will be dissolved, and dissolved upon the ground the Senator states. I am inclined to be with the Senator. I do not want the Senator to misunderstand me. I merely want to fortify his argument. I have not fully made up my mind about it. I repeat I am strongly impressed with his argument, and I am merely attempting to fortify the presentation he is making here by stating the facts that the courts have taken hold of this case and have dissolved this company, and that the company has appealed the case, which is now pending in the Supreme Court of the United States.

THE "DISSOLUTION" OF THE AMERICAN COMPANY DOES NOT AFFECT THE POINT—REAL TRUST REMAINS; AND THE RECOVERY OF THE TAX THE MAIN THING.

Mr. BEVERIDGE. I am not arguing this case of the dissolution of this company, and it does not make a bit of difference to the argument on this tax whether this company is dissolved or not. I am asking for a restoration of a tax that ought never to have been taken off.

Mr. RAYNER. The Senator from Indiana will not misunderstand me.

Mr. BEVERIDGE. I hope not; but pardon me just a moment.

Mr. RAYNER. Let me say to the Senator that I do not think I am opposing the Senator at all. I am trying to be in favor of his proposition, and I am merely fortifying the Senator with an argument why this company should be dissolved. He has been arguing that the company has been violating the law, and I am merely giving him the decision.

Mr. BEVERIDGE. I beg the Senator's pardon. I have been arguing——

Mr. RAYNER. When you argue against me you are arguing against yourself, because I am inclined to be with you.

Mr. BEVERIDGE. I am stating the facts. I made no argument about them violating the law. I am pointing out that the trust has profited and is profiting millions of dollars a year, at the Government's expense, by reason of what Congress has done.

Mr. RAYNER. I am inclined to be with you, just as the Senator from South Carolina [Mr. TILLMAN] is.

ANTITRUST LAW VIOLATION NOT INVOLVED IN TAX; LAW VIOLATION ANOTHER AND A DIFFERENT QUESTION.

Mr. BEVERIDGE. I am glad of that. I expect the Senator's support. But I am not making any argument about their violating the law. I stated the history of the thing, and I must insist that Senators pay attention to that particular thing, regardless of the Sherman antitrust law. I am repeatedly trying to state again and again the relation of the dates of the organization of this company—the merger, the whole thing—to the subsequent legislation that occurred here, and the fact that the government reports say that all that was foreseen by the men in charge of this corporation; *and finally that the Government is now being deprived of millions every year.* I WANT TO GET THOSE MILLIONS BACK INTO THE GOVERNMENT'S TREASURY. That's the important thing—let us not get off onto something else.

I doubt whether merely buying out another company and its assets is any violation of the Sherman antitrust law.

Mr. RAYNER. The court has decided that it is; and it differs from the Senator from Indiana.

Mr. BEVERIDGE. If the court has decided it is, then it is.

Mr. RAYNER. Will the Senator listen to it, or does the Senator from Indiana intend to drive away those who might be with him by his unwillingness to receive any information upon the subject at all? Here is what the court says:

Accepting this construction of the statute, as it would seem this court must accept it, there can be little doubt that it has been violated in this case. The formation of the original American Tobacco Company, which antedated the Sherman Act, may be disregarded. But the present American Tobacco Company was formed by subsequent merger of the original company with the Continental Tobacco Company and the Consolidated Tobacco Company, and when that merger became complete two of its existing competitors in the tobacco business were eliminated.

That is the ground upon which the court dissolved the company.

Mr. BEVERIDGE. That was the merger in 1904, to which I referred, which was nothing more nor less than the change of the form of consolidation. If that were true, what would be the situation? The American Tobacco Company would be dissolved; that is, the American Tobacco Company No. 2 would be dissolved into its constituent companies. What are they? The American Tobacco Company No. 1 and the Continental, and the real situation would not be at all changed.

Mr. RAYNER. I am not arguing the case. I am merely giving the Senator information.

Mr. BEVERIDGE. I am glad to be reminded of it. This is what seems to have occurred. I do not like to get away from this tax into a discussion of the Sherman antitrust law. The Senator from South Carolina held me to that for a long time. Let us stick to this tax argument a while. The tax is the real thing. Do Senators want to argue decisions when the real question is the getting back of millions to the Government, which the trust is collecting every year and keeping for itself?

After Mr. Ryan and what are called "the financiers" got into this business in these companies this Consolidated Tobacco Company was formed. That was a holding company—nothing more. Then, on account of the decision of the Supreme Court in the Northern Securities case, that company was dissolved; it voluntarily dissolved, in 1904, to avoid that decision; that then under the laws of the State of New Jersey it formed a merger. There is a law in the State of New Jersey which allows what it calls "a merger of companies." These three companies then merged into the American Tobacco Company No. 2, which took hold of everything.

WHERE TRUST WOULD BE IF "MERGER" DISSOLVED.

I thought then, and I think now, that was merely a change of name, and that when the Consolidated dissolved and the American was formed by this merger, it was just simply the Consolidated under another name. Then if it should be dissolved into its constituent companies—there were two, the American No. 1 and the Continental—so that the situation would not be changed at all, except that it would be slightly more inconvenient for them to do business, although I do not know that even that would occur.

Mr. RAYNER. I agree with the Senator on that.

Mr. BEVERIDGE. But that is not all; for even if the trust did not exist, even if these were all independent companies, nevertheless *the tax ought to go back*, and that is the point that I am trying to make. And as to dissolving this mighty business organization—suppose you do? It would be like "dissolving" the "steel trust"; you would have "the Carnegie companies," etc. Let us stick to the tax.

Mr. RAYNER. I happened to have the case before me, and I thought it would be well to call the Senator's attention to it.

Mr. BEVERIDGE. I am very much obliged to the Senator, indeed. So we see, Mr. President, that by controlling 80 per cent of the whole product of this country it has a more complete monopolistic power than any other concern, excepting the Standard Oil Company and the National Cash Register Company.

Now, coming to the question of the trust's methods, I presume there is no use of taking very much time with that, because the Senate has become familiar with it in the course of this discussion. It has used every method that all of us are familiar with for that purpose—it has undersold; it has forced men to the wall; it has used coupons, and they were so scandalously used that Governor Dingley prohibited them in his bill, but we kindly permitted the American Tobacco Company to use them again upon the repeal of the war-revenue act in 1902.

"INDEPENDENTS" SECRETLY OWNED BY THE TRUST.

It has bought out a great number of independents secretly, and then continued them secretly as "independents." The report of the Government gives a list of those that existed at that time—companies that the trust bought out and owned secretly, but continued to run openly as "*independents.*" And to-day it is impossible to state absolutely whether an "independent" company is independent or not. That was the trust's policy. Does anybody suppose it has discontinued that policy?

One reason—and this comes to another one of its methods—one reason why the trust wanted these bought-up "independents" to appear still to be "independent," although owned by it, and therefore why it maintained the policy of secret ownership of concerns that the public thought were "independent," was because a sentiment was growing up in the country against the so-called "tobacco trust" on the one hand, and, second, its brutal treatment of organized labor on the other. I want Senators to know if any person comes to them saying anything about this being a tax on the employees of the American Tobacco Company, or the independent companies either, that the American Tobacco Company employs a large number of people, including a great many women and children, and they are not paid any more than the company has to pay them.

They have waged unceasing warfare against a laborer if he belongs to a union. So great became the antagonism to them on that account that the union labor men would not buy their product, and bought the so-called "independents" product; so, as the government report shows, the trust *secretly* bought and owned many independent concerns, making the public think that they actually were "independents."

GOVERNMENT'S REPORT ACCOUNT OF "INDEPENDENTS" SECRETLY OWNED BY THE TRUST.

To show that I am not overstating this, I quote from the Government's report as follows:

The most important motive, however, for the continuance of separate corporate existence in the case of many concerns has been the desire of the combination to *keep its control* SECRET. There is a strong feeling among many dealers and consumers against "trusts" in general and the "tobacco trust" in particular. Independent manufacturers have extensively taken advantage of this feeling and have advertised their goods as "Independent," "Not made by a trust," etc.

The attitude of the American Tobacco Company and its openly affiliated concerns in *refusing to deal with labor organizations* has also caused hostility among union laboring men, many of whom insist on buying "union-label" goods. Many independent manufacturers have availed themselves of the union-label sentiment to build up a trade.

In order to overcome the effects of the antitrust sentiment and the union-label sentiment, and even TO TAKE ADVANTAGE OF THEM, the Tobacco Combination, particularly during 1903 and 1904, SECRETLY ACQUIRED a controlling interest in numerous concerns which had been catering to customers who held those sentiments. Such concerns continued to operate under their former management and *kept up a pretense of independence* and OF HOSTILITY TO THE COMBINATION. Those which employed union labor continued to do so and advertised the union label. These SECRETLY CONTROLLED concerns were, until the facts were disclosed by the Government, a powerful engine of warfare against the genuine independents and were looked upon by the latter as their worst enemy.

Again the Government's report emphasizes this particular villainy of the trust:

The great expansion of the business of the American Tobacco Company and its affiliated combinations has caused hostility among certain classes of the population. In the first place, there is a strong sentiment which takes the name of "antitrust." Independent manufacturers of tobacco have taken advantage of this feeling and have advertised their goods extensively as "independent goods," "not made by a trust," etc.

Again, the attitude of the American Tobacco Company in *refusing to recognize the unions of workingmen* has caused a very considerable degree of hostility to the combination on the part of organized workingmen generally. The various trade unions in the tobacco industry would refuse to permit their union label to be used in any single recognized factory of the American Tobacco Company, even if such factory were willing individually to employ exclusively union labor and to make agreements with the unions.

Independent manufacturers have taken advantage of this fact and have in many cases employed union labor and placed the union label upon their goods, advertising them extensively as union made. In *order to avoid the effect of this antitrust sentiment and of the union-label sentiment* the American Tobacco Company has, in numerous cases, SOUGHT TO CONCEAL ITS CONTROL OF TOBACCO CONCERNS. This could, in most cases, best be done by acquiring stock in independent companies and retaining their separate existence. In many cases the concerns thus controlled *have been deliberately held out to the public as being* INDEPENDENT. They have been made vigorous and effective agencies for attacking the business of independent concerns.

A large proportion of the tobacco-manufacturing corporations stocks in which have been acquired by the American Tobacco Company proper (including those acquired by the Continental prior to its merger with the American) were, at least for a time, operated under *this cloak of* SECRECY. In fact, it appears to have been the desire and aim of the combination to maintain SECRECY FOR AN INDEFINITE PERIOD with regard to MOST such acquisitions. In many cases, however, information as to the connection with the combination has leaked out, and, since the advantage of professed independence thus ceased, the control has been openly acknowledged.

TRUST'S BRIBERY OF LEGISLATORS; ITS LOBBY SYSTEM.

Not only that, Mr. President, but this company has resorted to bribery in legislation. It has had its general lobbyist in New York, a man of great standing there, up to the time he died four years ago. It has had its local lobbyists with salaries and an expense fund at their command in every State where legislation affecting its interests was before the state

legislature. In one case letters of its general lobbyist in New York to a local lobbyist in a State, mentioning the amounts inclosed to him, has been revealed and published to the world.

Their local lobbyist in at least one case was exposed by a member of the legislature whom he was trying to corrupt. He was driven from the country, and until a few months ago was a fugitive from justice. All those matters are of public record. I have here an article which sets out the original letters passing between the trust's general lobbyist for the whole country and one of its state lobbyists. In short, Mr. President, there is no method of crushing competition, on the one hand, no method that has been known and no method that is too wicked, and no method of corruption of legislators, on the other hand, that this company, which has been and is the chief beneficiary of the reduction of this tax, has not practiced.

ALTHOUGH FACTS ADMITTED, STILL AMENDMENT IS RESISTED; ABSURD SUBTERFUGE TO AVOID IT.

Yet, although it has made scores of millions at the expense of the Government's Treasury; though our laws have played into its hands, though its monopolistic control is admitted; though the Nation now knows of its practices, yet this amendment to take from the trust its profits represented by the reduced tax which it still collects, and give it to the Government again—*this amendment to do these things is resisted.* It is astounding, it is incredible; but it is true.

And that is not the worst. I hear of a rumor that the thing is to be glossed over and the American Tobacco Company protected in collecting and keeping the tax by removing the package restriction and, as a sop to the public, enacting the anti-coupon clause of my amendment, and letting the trust go on collecting from the people the tax we took off and keeping it. And I hear that this is to be urged in the cause of "the independent manufacturer" and the "poor leaf grower." But I will not believe that such a scheme exists until I see it in print on our desks.

Mr. DIXON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Montana?

Mr. BEVERIDGE. Certainly.

Mr. DIXON. Is it any secret who the general lobbyist of this great trust is?

Mr. BEVERIDGE. I do not believe that I care to bring names in. It has been published—the whole thing has been published.

Mr. DIXON. In what magazine or paper?

Mr. BEVERIDGE. The original letters have been published in Collier's Weekly. The general lobbyist lived in New York—he is dead now. He was a man of great social and political prominence, and his letters to a state lobbyist have been published. However, there is no use of going into specifications, because it is well known what lobbyists do in such matters—they look after legislation.

VARIETY OF TRUST'S BUSINESS.

The Senator asked a question a moment ago about the United Cigar Stores Company that brings me to the next point in the argument. This combination has shown its genius not only in its financial operations, not only in anticipating legislation which afterwards we enacted, not only in its ability of basing vast capitalistic operations upon legislation which it foresaw, but also in the most unbelievable varieties of its business.

I said a moment ago that the American Tobacco Company has absorbed 250 concerns. It not only manufactures cigars, little cigars, cigarettes, and every form of tobacco and snuff, but it owns plants for the manufacture of machines by which those things are made; it buys up patents; it owns companies which own the patents for different machines; it makes its own bags and cans; it is probably the biggest producer of bags and cans of that kind in the world; and not only that, but it has begun the growing of leaf. It is becoming its own producer. It is buying up tobacco lands; so that it produces its own leaf and gets it at cost. It will not be long until it will succeed in doing that to such an extent that the American Tobacco Company, the largest purchasing company in the world, will be its own producer and out of the purchasing market.

And not only that, but, as the Senator from Kentucky [Mr. PAYNTER] pointed out a moment ago, it is the biggest manufacturer in the world of licorice paste, which is absolutely necessary for the manufacture of plug tobacco. I think the Senator said it now controls 98 per cent of the licorice manufactured in this country. Licorice is something that the independent and every other manufacturer of tobacco has absolutely got to have. You can not make plug tobacco without it; and the trust controls 98 per cent, according to the Senator from Kentucky. I know there are two little factories that make licorice, one in Rhode Island and one in New Jersey, that are represented as not being in the trust; but the trust does control 98 per cent of the licorice paste output.

TRUST CAPTURING RETAIL TRADE.

But its operations are more varied. It has entered the retail trade. The United Cigar Stores Company, one of which you see at the corner of Pennsylvania avenue and Fifteenth street—and you see them in every town in this country—belongs to the American Tobacco Company. That company was incorporated in New Jersey on May 16, 1901. In 1906 it had an outstanding capital of $1,950,000, of which $450,000 was common stock, $750,000 preferred stock, and $750,000 of bonds. On December 31, 1906, the American Tobacco Company held $340,000 of the common stock and all of the preferred stock and bonds of the United Cigar Stores Company.

Mr. President, the number of stores of the company are at the present time at least 400; probably they are much more numerous. The trust is capturing the retail trade of tobacco in this country more rapidly than it captured the plug-producing business in this country. It is a startling fact, but it is absolutely true. Not only has it got this chain of model retail stores all over the country, but it has got three or four other retail concerns. It has organized even news-stand agencies.

I say there is nothing short of genius in the management of this company, not only in the boldness of its operations, but in the variety and novelty of its business.

TRUST OWNS EVEN BILL-POSTING COMPANIES.

Not only that, but we come to a matter that is actually amusing. Its advertising expenses, especially after the tax was taken off, were very great. Its problem then was to keep the prices up to the war-time prices, which had been made up by adding the war-time price to the tax—its problem when the tax was taken off was not to reduce the price accordingly. It had increased the price by the amount of the tax when the tax was placed on it; but when we obliged the trust by taking the tax off, it did not reduce the price.

It was able to keep up this price only in one way, and that was by enormous advertising. The people had become accustomed to the size of the package; the people had become accustomed to the cut of the plug; but they were as yet a little bit suspicious about the price, so the trust did tremendous advertising.

If you will look at the tables I will present, it will be seen that immediately after the war, in the case of some brands, the profits did not increase as much as the tax. That condition is explained, wherever you find it, by the advertising at that time. Later on, within a year or two, you will find that the profits of the American Tobacco Company increased by exactly the amount of the tax we took off.

In the process of this advertising business the American Tobacco Company actually bought out the Thomas J. Cusack Bill Posting Company. You see those great big signs as you go to New York advertising "Bull Durham," or anything else, and down at the bottom you will find the name "Thomas J. Cusack Company." That is the bill-posting company, and that bill-posting company is owned by the American Tobacco Company.

TRUST'S LOTTERY DEPARTMENT.

Not only that, but you see before you these things here. [Exhibiting.] These are the coupons given by the United Cigar Stores Company, and I regret I have not brought their catalogue. Perhaps I shall be forced to make a third statement; and, if so, I will bring their catalogue and several other facts. The trust calls this "a profit-sharing enterprise." If you make a 25-cent purchase, you get a coupon, and if you make a 50-cent purchase, you will get another one, and so forth, and a certain number of them entitles you to a certain prize.

So another one of the branches of the trust's business—and it has grown to be great in volume—is its prize-distributing business. The variety of business of this concern would be unbelievable if we did not have the facts from the Government's report. It involves leaf tobacco; it involves the manufacture of tobacco; it involves the making of bags, cans, pipes, smokers' materials, and everything of that kind; it involves the making of machinery; the retail trade; it even involves a bill-posting company.

Mr. President, this is the concern the people have built up. This is the concern that has had the benefit—80 per cent of it at least—of the reduction in the tax, when the people ought to have had that benefit. This is the kind of concern upon which, if we restore the tax, most of the so-called "burden" will fall.

There may be something about it to entitle it to special consideration at our hands; but it occurs to me, in view of the fact that at the same time we repealed the anticoupon provision of the Dingley law, at the same time that we continued the war-time short-weight package, at the same time we repealed the war tax, thus not only giving millions and scores of millions of

dollars to its treasury, but again putting in its hands the sword with which it struck down competition—it strikes me that the American Tobacco Company has profited unjustly long enough, and that it is time that the Government again be given the revenue which we have enabled the trust to divert from the Nation's Treasury.

Mr. DIXON. Mr. President——

The PRESIDING OFFICER (Mr. HEYBURN in the chair). Does the Senator from Indiana yield to the Senator from Montana?

Mr. BEVERIDGE. Yes.

TRUST'S FABULOUS PROFITS: DIRECT EVIDENCE.

Mr. DIXON. Right there I wish to state that I have been wonderfully impressed with this story the Senator is telling this morning. During the last ten days the information came to me, in a pretty direct way, that last year, in a period of depression, the American Tobacco Company paid 34 per cent in dividends on its common stock; and I think my source of information was absolutely correct.

Mr. BEVERIDGE. And yet this is the concern that Senators pity! This is the concern that I am told privately it will not be right for us to take this much revenue away from. This is the concern which is to be defended in the name of the poor "independent," the poor leaf grower, and even the poor consumer.

The figures I have given apply to the whole business, inclusive of its subsidiary companies.

To show the tremendous earnings of the combination on its own business exclusive of its subsidiary companies in comparison to its real assets: The report laid before us by the President shows that although its tangible assets in 1907 amounted to a little less than $52,000,000, yet its net earnings were more than $19,300,000, or 36 PER CENT OF THE VALUE OF ITS NET TANGIBLE ASSETS.

That does not include its subsidiary companies. When the subsidiary companies are taken into consideration, it is the amount I named awhile ago—OVER $36,000,000 PROFIT ANNUALLY FOR ITS TOTAL BUSINESS OF EVERY KIND.

To show that the tax was added to the cost to the consumer and *profit to the tobacco trust*, I shall insert here Table 5 of the report of the Department of Commerce and Labor submitted to us by the President of the United States.

PROFITS OF TRUST PROPER—PARENT COMPANIES.

TABLE 5.—*American, Continental, and Lorillard companies—Net value of sales and proportion represented by tax, cost, and profit, respectively (domestic business).*

Year.	Amount represented by—				Proportion represented by—		
	Net value of sales.	Tax.	Cost.	Profit.	Tax.	Cost.	Profit.
					P. ct.	P. ct.	Per ct.
1895..	$21,120,561.70	$4,071,055.14	$13,637,445.11	$3,412,061.45	19.3	64.6	16.1
1896..	22,235,508.62	4,786,115.76	14,625,914.00	2,823,478.86	21.5	65.8	12.7
1897..	23,485,333.81	5,859,836.87	14,418,463.97	3,207,032.97	24.9	61.4	13.7
1898..	26,923,627.35	8,674,345.07	15,585,090.64	2,664,191.64	32.2	57.9	9.9
1899..	61,920,705.44	21,582,820.74	35,214,913.71	5,122,970.99	34.8	56.9	8.3
1900..	67,589,568.18	23,856,691.80	35,245,909.81	8,486,966.57	35.3	52.1	12.6
1901..	67,147,552.13	20,737,075.29	34,631,452.19	11,779,024.65	30.9	51.6	17.5
1902..	71,786,348.15	16,222,318.27	39,976,163.61	15,587,866.27	22.6	55.7	21.7
1903..	71,704,514.23	12,962,499.45	40,006,125.93	18,735,888.85	18.1	55.8	26.1
1904..	69,981,891.92	12,374,293.68	41,600,195.75	16,007,402.49	17.7	59.4	22.9
1905..	73,261,513.01	12,992,612.42	42,355,071.00	17,913,829.59	17.7	57.8	24.5
1906..	80,050,489.98	14,285,733.43	45,123,048.49	20,641,708.06	17.8	56.4	25.8
1907..	79,604,641.91	14,557,284.72	46,021,630.92	19,025,726.27	18.3	57.8	23.9

THE TAX CONGRESS TOOK OFF IN 1902 ADDED TO TRUST'S PROFITS SINCE.

This table shows that almost exactly the amount of the war tax was added to the price; that this tax when it was removed was not taken from the price, but was added to the profit. So we see by this table that the net profits of the tobacco combination was less than $8,500,000 in 1900; it rose to more than $18,700,000 in 1903 after the tax was taken off and is now more than $20,000,000—for although it was over $19,000,000 in 1907, we must remember that that year was a bad one.

I do not object to the corporation making money. I am very glad to see it make it. I do not, however, see why it should be permitted to take the tax it has still continued to collect from the people and pay it to itself.

Mr. GALLINGER. Does the Senator refer to Table 5?

Mr. BEVERIDGE. Table 5. The Government's report concerning the table says:

Very striking, however, are the changes in the profits, and particularly when the profits are compared with the taxes paid. AS THE AMOUNT OF TAX PAID FELL OFF, THE AMOUNT OF PROFIT INCREASED. From 1899 to 1903 the taxes fell off about $8,000,000, while the profits increased about $13,000,000, rising from $5,122,970.99 in 1899 to $18,735,888.85 in 1903.

The Government's report continues that during the war—

the profit was 8.3 per cent and 12.6 per cent, respectively. With the reduction in the war-revenue rates the proportion of the value of the product represented by tax fell, so that during the years 1903 to 1907 it represented a little over one-sixth of the value.

TAX ADDED TO PROFITS IN EVERY DEPARTMENT.

To show in detail the *addition of the tax to the profits*, I insert here Table 9 of the Government's report laid before us by the President, which shows that the profits of the direct business of the trust proper, *exclusive of the scores of subsidiary companies* which it controls, rose from $5,000,000 in 1899, when the tobacco trust was paying THE TAX TO THE GOVERNMENT WHICH IT COLLECTED FROM THE PEOPLE, to over $19,000,000 when, because of the REMOVAL OF THE WAR TAX and the CONTINUATION OF THE WAR PRICE, it *paid the war tax* which it collected from the people TO ITSELF instead of TO THE GOVERNMENT.

TABLE 9.—*Net profit by departments—American, Continental, and Lorillard companies.*

Year.	Smoking.	Plug.	Fine cut.	Cigarettes.
1895	$559,009.82	a$892,687.88	$24,118.21	$3,574,362.60
1896	740,586.07	a1,378,345.78	19,819.68	3,289,736.33
1897	937,068.95	a889,730.25	30,176.12	2,886,093.29
1898	736,518.96	a926,302.86	a6,398.52	2,705,306.70
1899	1,085,522.47	1,606,965.15	77,635.57	2,630,373.73
1900	1,976,404.34	4,121,017.42	a39,404.01	2,341,869.51
1901	2,562,272.25	7,016,591.22	a107,734.86	1,871,365.15
1902	3,706,059.93	10,140,562.13	314,755.67	1,320,848.95
1903	4,051,635.90	11,986,675.43	400,823.55	2,106,697.39
1904	4,610,698.40	8,660,296.31	443,390.45	1,868,813.06
1905	5,698,148.99	9,362,073.73	479,801.12	1,802,124.52
1906	6,384,233.58	11,588,114.65	493,338.67	1,950,746.78
1907	5,876,688.18	10,308,708.34	451,709.79	2,026,468.46

Year.	Cheroots.	Little cigars.	Snuff.	Scrap.	Total.
1895	$94,638.39	$52,620.31			$3,412,061.45
1896	108,999.88	60,646.77	a$17,964.09		2,823,478.86
1897	113,795.25	125,140.44	4,489.17		3,207,032.97
1898	56,506.25	96,503.90	2,057.21		2,664,191.64
1899	a229,590.33	22,508.74	a70,444.34		5,122,970.99
1900	a15,543.98	132,373.51	a29,750.22		8,486,966.57
1901	93,540.71	340,769.20	2,220.98		11,779,024.65
1902		105,639.59			15,587,866.27
1903		190,056.58			18,735,888.85
1904		424,204.27			16,007,402.49
1905		600,044.86		a$28,363.63	17,913,829.59
1906		541,198.44		a315,924.06	20,641,708.06
1907		527,869.53		a165,718.03	19,025,726.27

a Loss.

TRUST'S "LOSSES"—CAUSED BY ADVERTISING FOR WHICH THE PEOPLE PAID.

It will be noted that this table shows losses in certain years on certain products. The Government's report explains that—

These were due to the effort of the company to get a very large proportion of the total output of the country, the ultimate result of which was to bring the leading competitors into combination with the American. The losses of the plug business had to be made up out of the large profits of the cigarette business.

After the leading competitors had been brought into the combination, however, *the plug business became very profitable, and in every year since 1900 it has contributed more to the* profits of the American, Continental, and Lorillard companies than any other one branch. In 1903, when THE PROFITS in the plug business reached their maximum, they represented MORE THAN 55 PER CENT of the total profits.

The profits of the smoking-tobacco business during the more recent years rank next to those of plug tobacco, and the *profits in the smoking department have continued to increase* SINCE *1908, while those in plug have been less than in that year.*

That this was true of it subsidiary companies as well as of the trust itself, I insert Table 10 of the Government's report, laid before us by the President.

"SUBSIDIARY COMPANIES" ALSO.

TABLE 10.—*Net value of sales (less tax) and profit of the American, Continental, and Lorillard and their principal subsidiary companies.*

[The American Cigar and American Snuff companies not included.]

Year.	Net value (less tax).	Cost.	Profit.	Proportion of net price represented by—	
				Cost.	Profit.
				Per cent.	Per cent.
1899	$41,201,984.91	$35,843,798.13	$5,358,186.78	87.0	13.0
1900	48,298,515.23	39,101,174.25	9,197,340.98	81.0	19.0
1901	53,731,962.89	40,428,077.35	13,303,885.54	75.2	24.8
1902	66,940,446.09	49,188,056.00	17,752,390.09	73.5	26.5
1903	74,953,380.98	53,676,326.64	21,277,054.34	71.6	28.4
1904	76,516,936.74	57,201,374.81	19,315,561.93	74.8	25.2
1905	81,257,925.87	59,079,427.06	22,178,498.81	72.7	27.3
1906	88,685,851.83	63,739,863.62	24,945,988.21	71.9	28.1
1907	92,731,297.03	68,026,468.07	24,704,828.96	73.4	26.6

This table shows that the profits of the parent and subsidiary companies' combination rose from $5,358,186.78 in 1899 to more than $24,704,838.96 in 1907. This does not include its cigar and snuff business nor its export business.

TAX ADDED TO PROFIT PER POUND WHEN CONGRESS ABOLISHED TAX.

Reducing this vast sum to the pound, I insert Table 14 of the Government's report, laid before us by the President, which shows that the price of every kind of tobacco excepting only cigarettes and cigars *was increased by the amount of the tax when the tax was put on in 1898;* that this price *was continued after the tax had been taken off in 1901–2.*

TABLE 14.—*Average prices and profits, by departments, of the tobacco combination (domestic business).*

[American Cigar and American Snuff companies not included.]

Year.	Smoking (per pound).		Plug (per pound).		Fine cut (per pound).	
	Price less tax.	Profit.	Price less tax.	Profit.	Price less tax.	Profit.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1895	25.0	3.2	15.5	[a] 4.4	27.0	4.3
1896	24.7	4.4	12.9	[a] 4.4	27.2	3.6
1897	23.7	4.6	12.2	[a] 2.4	26.6	5.5
1898	23.6	3.2	16.7	[a] 2.8	25.9	[b] .9
1899	21.1	2.8	24.9	1.9	24.4	1.8
1900	22.8	4.5	22.8	3.7	23.0	[b] .7
1901	24.5	5.8	25.2	6.4	26.3	[b] 1.9
1902	26.7	6.8	27.7	8.3	33.4	6.4
1903	27.9	6.2	29.4	9.8	29.4	5.8
1904	29.4	7.1	30.0	8.0	30.8	6.2
1905	28.4	8.3	30.2	8.1	30.6	6.7
1906	29.3	9.0	30.1	9.1	29.9	6.6
1907	30.1	9.3	30.4	8.7	30.0	5.3

Year.	Scrap (per pound).		Cigarettes (per thousand).[b]		Little cigars (per thousand).	
	Price less tax.	Profit.	Price less tax.	Profit.	Price less tax.	Profit.
	Cents.	*Cents.*				
1895			$2.77	$1.22	$4.60	$0.43
1896			2.46	1.06	4.43	.41
1897			2.27	1.00	3.96	.67
1898			2.02	1.05	3.68	.43
1899			2.01	1.05	3.27	.07
1900			2.09	1.05	3.19	.32
1901	13.2	0.4	2.12	.97	3.34	.63
1902	15.2	[b] .3	2.29	.72	4.37	.20
1903	17.7	3.9	2.27	1.04	4.33	.39
1904	18.0	1.5	2.25	.91	3.91	.72
1905	17.7	.3	2.17	.89	3.59	.92
1906	18.0	[b] 2.7	2.15	.85	3.60	.69
1907	18.5	[b] 1.5	2.20	.71	3.60	.56

[a] Loss. [b] American Tobacco Company only.

This is also shown still more clearly in Table 15 of the Government's report laid before us by the President:

TABLE 15.—*Amount of tax, cost, and profit entering into net selling price for the several departments of the tobacco combination (domestic business).*

[American Cigar and American Snuff companies not included.]

Year.	Smoking (per pound).				Plug (per pound).			
	Net price.	Elements of price.			Net price.	Elements of price.		
		Tax.	Cost.	Profit.		Tax.	Cost.	Profit.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1895	31.0	6.0	21.8	3.2	21.5	6.0	19.9	[a] 4.4
1896	30.7	6.0	20.3	4.4	18.9	6.0	17.3	[a] 4.4
1897	29.7	6.0	19.1	4.6	18.2	6.0	14.6	[a] 2.4
1898	32.1	[b] 8.5	20.4	3.2	25.2	[b] 8.5	19.5	[a] 2.8
1899	33.1	12.0	18.3	2.8	36.9	12.0	23.0	1.9
1900	34.8	12.0	18.3	4.5	34.8	12.0	19.1	3.7
1901	35.3	[b] 10.8	18.7	5.8	36.1	[b] 10.9	18.8	6.4
1902	34.5	7.8	19.9	6.8	35.5	[b] 7.8	19.4	8.3
1903	33.9	6.0	21.7	6.2	35.4	6.0	19.6	9.8
1904	35.4	6.0	22.3	7.1	36.0	6.0	22.0	8.0
1905	34.4	6.0	20.1	8.3	36.2	6.0	22.1	8.1
1906	35.3	6.0	20.3	9.0	36.1	6.0	21.0	9.1
1907	36.1	6.0	20.8	9.3	36.4	6.0	21.7	8.7

[a] Loss.
[b] Rate of tax changed during year. This is an average.

TABLE 15.—*Amount of tax, cost, and profit entering into net selling price for the several departments of the tobacco combination (domestic business)*—Continued.

Year.	Fine cut (per pound).				Scrap (per pound).			
	Net price.	Elements of price.			Net price.	Elements of price.		
		Tax.	Cost.	Profit.		Tax.	Cost.	Profit.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1895	33.0	6.0	22.7	4.3				
1896	33.2	6.0	23.6	3.6				
1897	32.6	6.0	21.1	5.5				
1898	34.4	[b] 8.5	26.8	[a] .9				
1899	36.4	12.0	22.6	1.8				
1900	35.0	12.0	23.7	[a] .7				
1901	37.2	[b] 10.9	28.2	[a] 1.9	24.0	[b] 10.8	12.8	0.4
1902	41.2	[b] 7.8	27.0	6.4	23.0	[b] 7.8	15.5	[a] .3
1903	35.4	6.0	23.6	5.8	23.7	6.0	13.8	3.9
1904	36.8	6.0	24.6	6.2	24.0	6.0	16.5	1.5
1905	36.6	6.0	23.9	6.7	23.7	6.0	17.4	.3
1906	35.9	6.0	23.3	6.6	24.0	6.0	20.7	[a] 2.7
1907	36.0	6.0	24.7	5.3	24.5	6.0	20.0	[a] 1.5

Year.	Cigarettes (per thousand).[c]				Little cigars (per thousand).			
	Net price.	Elements of price.			Net price.	Elements of price.		
		Tax.	Cost.	Profit.		Tax.	Cost.	Profit.
1895	$3.27	$0.50	$1.55	$1.22	$5.10	$0.50	$4.17	$0.43
1896	2.96	.50	1.40	1.06	4.93	.50	4.02	.41
1897	2.94	[b] .67	1.27	1.00	4.68	[b] .72	3.29	.67
1898	3.27	[b] 1.25	.97	1.05	4.68	1.00	3.25	.43
1899	3.51	1.50	.96	1.05	4.27	1.00	3.20	.07
1900	3.59	1.50	1.04	1.05	4.19	1.00	2.87	.32
1901	3.39	[b] 1.27	1.15	.97	4.10	[b] .76	2.71	.63
1902	3.29	[d] 1.00	1.57	.72	4.91	.54	4.17	.20
1903	3.27	[d] 1.00	1.23	1.04	4.87	.54	3.94	.39
1904	3.24	[d] .99	1.34	.91	4.45	.54	3.19	.72
1905	3.14	[d] .97	1.28	.89	4.13	.54	2.67	.92
1906	3.13	[d] .98	1.30	.85	4.14	.54	2.91	.69
1907	3.19	[d] .99	1.49	.71	4.14	.54	3.04	.56

[a] Loss.
[b] Rate of tax changed during year. This is an average.
[c] American Tobacco Company alone. The cigarette business of subsidiary companies is not comparable from year to year.
[d] This is the average rate on the two classes of cigarettes, one taxed at $1.08 per thousand and the other at $0.54 per thousand.

Concerning this table the Government's report says that—

The prices of smoking, plug, and fine-cut tobacco were very *generally increased* by the manufacturers by an amount sufficient at least to *cover the increase in the tax,* * * * *there was little if any reduction in the average net price charged to the public at the time when the internal-revenue tax was reduced from 12 to 6 cents per pound in 1901 and 1902.*

And the Government's report continues:

The proportion of the net price represented BY PROFIT is not only much greater at THE PRESENT TIME than during the period of the Spanish war, but also much greater than during the period before the Spanish war. * * * The unusually high costs during this period (1903 to 1905) *were largely due to* EXTRAORDINARY ADVERTISING EXPENDITURES, the apparent purpose of which was to enable the combination TO MAINTAIN THE PRICE of its products, NOTWITHSTANDING THE REDUCTION OF THE INTERNAL-REVENUE TAX.

Taking up now the various departments of the tobacco trust's business and going into the brands of each department, we find that it is made even clearer than the tables above that the tobacco trust added the tax to the price when the tax was put on in 1898 and did not take the tax off the price to the consumer when the tax was taken off the trust in 1901–2, BUT ADDED THE TAX TO ITS PROFITS.

MORE TABLES—SAME RESULT.

For example, I insert Table 32, from which we see that the average price of plug and twist tobacco rose from 12.2 cents in 1897 to 24.9 in 1899, when the tax was put on; and that although the tax was taken off in 1902, yet the price rose to 28 cents a pound in that year and to nearly 32 cents in 1907, while the profits rose correspondingly.

TABLE 32.—(p. 70) *Plug and twist tobacco—American, Continental, and Lorillard companies: division of net selling price (less tax) between cost and profit.*

Year.	Average net selling price, less tax (per pound).	Proportion represented by—	
		Cost.	Profit.
	Cents.	*Per cent.*	*Per cent.*
1895	15.5	128.3	a 28.3
1896	12.9	134.2	a 34.2
1897	12.2	119.4	a 19.4
1898	16.7	116.8	a 16.8
1899 b	24.9	92.5	7.5
1900	23.3	82.2	17.8
1901	25.8	73.1	26.9
1902	28.0	68.2	31.8
1903	30.3	63.7	36.3
1904	31.7	70.8	29.2
1905	32.0	70.6	29.4
1906	31.4	66.9	33.1
1907	31.8	68.8	31.2

a Loss. b See note a, Table 27.

I insert Table 39, giving the tax, price, cost, and profit per pound of the various brands of plug tobacco produced by the tobacco trust.

TABLE 39.—*Plug tobacco—American, Continental, and Lorillard companies: Prices, costs, and profits for leading individual brands.*

Year.	Tax.	Brand No. 1 (per pound).				Brand No. 2 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	36.1	24.1	22.7	1.4	36.5	24.5	19.9	4.6
1900	12.0	37.7	25.7	19.8	5.9	38.1	26.1	21.9	4.2
1901 (first half)	12.0	37.8	25.8	17.4	8.4	38.7	26.7	19.5	7.2
1901 (second half)	9.6	36.9	27.3	18.0	9.3	37.9	28.3	19.8	8.5
1902 (first half)	9.6	37.3	27.7	17.1	10.6	38.3	28.7	18.8	9.9
1902 (second half)	6.0	36.6	30.6	18.4	12.2	37.4	31.4	20.8	10.6
1903	6.0	37.3	31.3	18.0	13.3	38.0	32.0	19.9	12.1
1904	6.0	38.9	32.9	20.9	12.0	40.1	34.1	23.6	10.5
1905	6.0	38.9	32.9	21.2	11.7	39.2	33.2	24.0	9.2
1906	6.0	38.9	32.9	19.0	13.9	39.3	33.3	21.6	11.7
1907	6.0	38.8	32.8	19.4	13.4	39.2	33.2	22.8	10.4

Year.	Tax.	Brand No. 3 (per pound).				Brand No. 4 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	29.0	17.0	15.9	1.1	33.9	21.9	20.0	1.9
1900	12.0	32.5	20.5	16.9	3.6	38.0	26.0	20.3	5.7
1901 (first half)	12.0	33.2	21.2	16.1	5.1	38.1	26.1	19.5	6.6
1901 (second half)	9.6	32.3	22.7	16.6	6.1	37.0	27.4	19.0	8.4
1902 (first half)	9.6	32.7	23.1	15.3	7.8	37.6	28.0	17.8	10.2
1902 (second half)	6.0	32.2	26.2	16.2	10.0	37.0	31.0	19.7	11.3
1903	6.0	32.5	26.5	16.0	10.5	37.6	31.6	19.4	12.2
1904	6.0	33.3	27.3	19.3	8.0	39.7	33.7	23.3	10.4
1905	6.0	33.4	27.4	18.7	8.7	39.6	33.6	23.0	10.6
1906	6.0	33.5	27.5	16.2	11.3	40.0	34.0	20.5	13.5
1907	6.0	33.5	27.5	17.1	10.4	40.1	34.1	22.1	12.0

Year.	Tax.	Brand No. 5 (per pound).				Brand No. 6 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	57.3	45.3	29.3	16.0	73.8	61.8	43.7	18.1
1900	12.0	58.1	46.1	26.8	19.3	74.0	62.0	35.3	26.7
1901 (first half)	12.0	56.8	44.8	27.7	17.1	72.3	60.3	34.8	25.5
1901 (second half)	9.6	55.6	46.0	27.8	18.2	70.9	61.3	34.7	26.6
1902 (first half)	9.6	55.9	46.3	26.0	20.3	71.3	61.7	31.3	30.4
1902 (second half)	6.0	55.6	49.6	28.8	20.8	70.8	64.8	38.1	26.7
1903	6.0	56.1	50.1	27.9	22.2	70.9	64.9	36.7	28.2
1904	6.0	59.7	53.7	33.5	20.2	72.5	66.5	42.6	23.9
1905	6.0	59.9	53.9	35.0	18.9	75.4	69.4	50.9	18.5
1906	6.0	60.1	54.1	30.1	24.0	76.0	70.0	41.5	28.5
1907	6.0	60.1	54.1	32.7	21.4	77.1	71.1	41.2	29.9

TABLE 39.—*Plug tobacco—American, Continental, and Lorillard companies: Prices, costs, and profits for leading individual brands*—Continued.

Year.	Tax.	Brand No. 7 (per pound).				Brand No. 8 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	46.5	34.5	32.5	2.0	28.7	16.7	15.5	1.2
1900	12.0	47.9	35.9	33.0	2.9	35.1	23.1	16.4	6.7
1901 (first half)	12.0	47.9	35.9	29.6	6.3	32.5	20.5	15.3	5.2
1901 (second half)	9.6	47.3	37.7	29.7	8.0	31.5	21.9	15.4	6.5
1902 (first half)	9.6	47.4	37.8	29.0	8.8	31.9	22.3	13.9	8.4
1902 (second half)	6.0	46.9	40.9	31.9	9.0	30.2	24.2	18.2	6.0
1903	6.0	47.6	41.6	31.5	10.1	30.0	24.0	16.6	7.4
1904	6.0	52.1	46.1	35.3	10.8	32.2	26.2	19.0	7.2
1905	6.0	54.1	48.1	36.5	11.6	33.5	27.5	17.8	9.7
1906	6.0	54.3	48.3	33.1	15.2	33.5	27.5	15.8	11.7
1907	6.0	53.8	47.8	33.2	14.6	33.5	27.5	17.1	10.4

Year.	Tax.	Brand No. 9 (per pound).				Brand No. 10 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	29.3	17.3	18.1	a 0.8	45.8	33.8	27.1	6.7
1900	12.0	33.1	21.1	17.2	3.9	47.7	35.7	27.4	8.3
1901 (first half)	12.0	33.1	21.1	15.3	5.8	48.0	36.0	25.8	10.2
1901 (second half)	9.6	32.3	22.7	15.6	7.1	46.4	36.8	24.9	11.9
1902 (first half)	9.6	32.7	23.1	14.7	8.4	46.4	36.8	23.3	13.5
1902 (second half)	6.0	32.0	26.0	16.2	9.8	46.0	40.0	25.6	14.4
1903	6.0	32.5	26.5	14.7	11.8	46.3	40.3	26.6	13.7
1904	6.0	33.6	27.6	16.9	10.7	46.7	40.7	28.8	11.9
1905	6.0	34.2	28.2	17.7	10.5	47.3	41.3	29.7	11.6
1906	6.0	34.3	28.3	16.1	12.2	47.8	41.8	26.5	15.3
1907	6.0	31.5	25.5	16.3	9.2	47.8	41.8	27.7	14.1

Year.	Tax.	Brand No. 11 (per pound).				Brand No. 12 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	45.9	33.9	25.8	8.1	26.6	14.6	17.1	a 2.5
1900	12.0	47.8	35.8	26.9	8.9	29.7	17.7	13.4	4.3
1901 (first half)	12.0	48.0	36.0	25.6	10.4	30.4	18.4	13.8	4.6
1901 (second half)	9.6	46.4	36.8	24.5	12.3	29.6	20.0	13.8	6.2
1902 (first half)	9.6	46.5	36.9	23.2	13.7	30.1	20.5	11.5	9.0
1902 (second half)	6.0	46.0	40.0	25.5	14.5	29.1	23.1	12.2	10.9
1903	6.0	46.3	40.3	25.5	14.8	29.0	23.0	13.4	9.6
1904	6.0	46.7	40.7	28.0	12.7	29.6	23.6	14.7	8.9
1905	6.0	47.3	41.3	28.8	12.5	29.7	23.7	14.7	9.0
1906	6.0	47.8	41.8	25.3	16.5	.....	.....	.....	.....
1907	6.0	47.8	41.8	26.9	14.9	.....	.....	.....	.....

Year.	Tax.	Brand No. 13 (per pound).				Brand No. 14 (per pound).			
		Price.		Cost.	Profit.	Price.		Cost.	Profit.
		Including tax.	Excluding tax.			Including tax.	Excluding tax.		
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	12.0	.....	.....	.....	.....	.....	.....	.....	.....
1900	12.0	33.0	21.0	21.1	a 0.1	25.1	13.1	15.4	a 2.3
1901 (first half)	12.0	30.8	18.8	19.0	a .2	26.9	14.9	14.9	a .0
1901 (second half)	9.6	31.5	21.9	27.2	a 5.3	27.9	18.3	16.4	1.9
1902 (first half)	9.6	32.1	22.5	24.6	a 2.1	28.3	18.7	15.9	2.8
1902 (second half)	6.0	31.4	25.4	26.9	a 1.5	27.1	21.1	15.5	5.6
1903	6.0	31.2	25.2	25.3	a .1	26.5	20.5	13.4	7.1
1904	6.0	34.4	28.4	27.1	1.3	27.7	21.7	14.2	7.5
1905	6.0	37.3	31.3	26.2	5.1	28.9	22.9	14.7	8.2
1906	6.0	37.6	31.6	22.6	9.0	28.5	22.5	15.6	6.9
1907	6.0	37.2	31.2	23.9	7.3	23.7	17.7	16.2	1.5

a Loss.

WHAT THE GOVERNMENT'S REPORT SAYS OF THESE TABLES.

Commenting on those tables, the Government's report says:

In considering the figures of prices and profits *the changes in the rate of taxation* should be at all times borne in mind. It will be recalled that in 1899 and 1900 and up to July 1, 1901, the tax on plug tobacco was *12 cents per pound;* that during the second half of 1901 and the first half of 1902 it was *9.6 cents per pound;* and that since July 1, 1902, it has been *6 cents per pound.*

The table and diagram show that on none of the brands of plug tobacco was there any but temporary reduction in the price charged to the public at the time of the reduction in the tax, and that, consequently, the net price, less tax, increased either immediately or soon after BY THE FULL AMOUNT OF THE REDUCTION IN THE TAX. * * * The price, excluding tax, for every brand has increased very materially since 1899 and 1900. *In the case of every brand,* in fact (with the exception of brand No. 14 for the year 1907), the *net price,* less tax, during the four years 1904 to 1907 *exceeded* the price during 1899 and 1900 BY PRACTICALLY THE FULL AMOUNT OF THE REDUCTION IN THE INTERNAL-REVENUE TAX, and in a number of cases by CONSIDERABLY MORE THAN THAT REDUCTION. * * * *The PROFITS during the years 1903 to 1907 have been, roughly speaking, from 5 to 10 cents per pound higher than even during 1900.*

That is to say, they added the amount of the reduction of the tax which they had formerly paid to the Government to their own profits.

Mr. CRAWFORD. They did not pay any of it to the leaf men, did they?

Mr. BEVERIDGE. No; they did not. They did not pay to the leaf men any of the tax that we took off, not a bit of it. When we took off the tax in 1902, the American Tobacco Company did not pay a cent of it to the leaf men. It put every bit of it into its profits, and its books show it.

The report which the President has laid before us continues:

The above tables have made it clear that the tobacco combination *did not in general reduce the prices* of the then existing brands of plug tobacco to the trade at the time when the *war-revenue taxes were taken off* in 1901 and 1902.

In the case of most of the brands, set out in Table 40, which is too long to be reproduced here, the Government's report, which the President has laid before us, says:

The consumers' price was increased *by as much as, or more* than, THE INCREASE IN THE TAX. * * * IN NO CASE WAS THE PRICE TO THE CONSUMER REDUCED AT THE TIME THE INTERNAL-REVENUE TAXES WERE REDUCED IN 1901 AND 1902.

Take now the subject of smoking tobacco: After presenting tables similar to those which I have already given, the Government's report laid before us by the President says—

notwithstanding the reduction in the internal-revenue tax from 12 cents in 1899 to 6 cents in 1903, the average net price, including the tax, received by the American, Continental, and Lorillard companies for smoking tobacco actually increased—

And that—

There was a marked INCREASE IN THE PROFIT.

Out of these tables I select Table 51 (p. 105), showing price, tax, cost, and profit of the trust from 1899 to 1907.

TABLE 51.—*Smoking tobacco—Prices, costs, and profits of the tobacco combination.*

Year.	Sales.	Price (per pound).			Cost (per pound).			Profit (per pound).
		Including tax.	Tax.	Excluding tax.	Manufacture and freight.	Sale.	Total.	
	Pounds.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1899	47,278,195	33.1	12.0	21.1	14.2	4.1	18.3	2.8
1900	56,886,232	34.8	12.0	22.8	14.5	3.8	18.3	4.5
1901	59,516,622	35.3	10.8	24.5	14.8	3.9	18.7	5.8
1902	73,504,683	34.5	7.8	26.7	15.2	4.7	19.9	6.8
1903	82,474,583	33.9	6.0	27.9	15.5	6.2	21.7	6.2
1904	86,747,556	35.4	6.0	29.4	16.5	5.8	22.3	7.1
1905	93,357,544	34.4	6.0	28.4	16.2	3.9	20.1	8.3
1906	97,045,065	35.3	6.0	29.3	16.6	3.7	20.3	9.0
1907	97,985,744	36.1	6.0	30.1	18.0	2.8	20.8	9.3

Remember that this price was increased on account of the war taxes, AND NOT REDUCED WHEN WAR TAXES WERE TAKEN OFF. In short, the trust still collects it from the people and keeps it, instead of paying it to the Government, as I have stated so many times.

Concerning this table the Government's report laid before us by the President says, on page 103:

The table shows in a striking manner that the marked reduction in the internal-revenue tax has brought no corresponding change in the average price of smoking tobacco received by the combination. * * * The combination (the tobacco trust)), therefore, has been very greatly able to expand its sales of smoking tobacco, while at the same time maintaining and even increasing its prices in the face of a reduction of the internal-revenue tax; and, despite some increase in the cost of doing business, its profits have very greatly increased. The profit of 1907 WAS 6.5 CENTS PER POUND HIGHER THAN IN 1899, this difference in profit exceeding slightly the difference in the internal-revenue tax as between the two years.

Long tables of prices to jobber and consumer are given in the report, Table 55. The Government's report says:

Turning now to the prices charged to the consumer for the more *commonly used packages of smoking tobacco* of the several brands covered by the table, it will be seen that in the case of all of the brands for which data are available *the price to the consumer increased by at least as much as the increase in the tax at the time of the Spanish war.*

ON THE OTHER HAND, THERE WAS ABSOLUTELY NO REDUCTION IN THE PRICE TO THE CONSUMER ON ANY OF THE BRANDS COVERED BY THIS TABLE WHEN THE TAX WAS REDUCED.

It appears, therefore, that, so far as the brands covered by the table are concerned, the prices to jobbers were in nearly all cases *increased at the time of the advance in the taxes in 1898,* and in most cases the price *to the consumer* was also increased, the increase being sufficient *at least to cover the addition to the tax.* On these particular brands also it has been seen that there was practically *no reduction in* price when the tax *was reduced* in 1901 and 1902. These brands are among *the most important made* by the combination and *are typical* of much the greater part of its business.

THE AMAZING STORY OF SNUFF.

The snuff business is the most profitable branch of the trust's business; and, as I have already said, in the output of snuff the trust has an almost complete monopoly.

Concerning the great increase of profits on its snuff business, the Government's report says:

Although the tangible assets have very considerably increased since the organization of the American Snuff Company, the profits have increased SO MUCH MORE that *the* RATE OF PROFIT *on* TANGIBLE ASSETS *in the years 1905 to 1907 averaged about FOUR times as high as in 1900, and considerably more than TWICE as high as in 1901, the first full year of operation.*

Table 93 shows the quantity of snuff sold by the American Snuff Company from year to year, the net value thereof, exclusive of internal-revenue tax, and the PROFIT thereon.

TABLE 93.—*American Snuff Company—Quantity of sales, net value of sales, and net profits.*

Year.	Sales.	Net value of sales, less tax.	Profits.
	Pounds.		
1900 (10 months)	8,558,762	$2,501,726.13	$531,667.92
1901	13,343,506	3,961,686.93	1,066,605.31
1902	15,465,353	4,933,447.61	1,689,616.84
1903	17,230,982	5,705,178.14	2,127,827.75
1904	16,762,422	5,860,142.73	2,576,428.00
1905	19,246,717	7,005,804.99	3,119,250.30
1906	21,539,275	7,954,454.26	3,794,779.08
1907	21,345,113	7,925,440.46	3,544,009.16

The following table shows the *increase* in profit per pound of snuff:

TABLE 95.—*American Snuff Company—Increase in price (excluding tax), decrease in cost (excluding tax), and increase in profit, 1901–1907.*

Year.	Increase in price (less tax) over 1901 (per pound).	Decrease in cost below 1901 (per pound).	Increase in profit over 1901 (per pound).
	Cents.	*Cents.*	*Cents.*
1902	2.2	0.5	2.7
1903	3.4	1.0	4.4
1904	5.2	2.2	7.4
1905	6.7	1.6	8.3
1906	7.2	2.1	9.3
1907	7.4	1.0	8.4

Concerning this table the Government's report says:

The increase in the net price, less tax, and IN THE PROFIT PER POUND of the American Snuff Company during the period 1900 to 1903 was due in part, as already noted, to THE REDUCTION IN THE INTERNAL-REVENUE TAX, *of which the company was able to take advantage.*

This is shown with even greater clearness by the following table:

TABLE 96.—*American Snuff Company—Division of net selling price into tax, costs, and profit.*

Year.	Net price (per pound).	Elements entering into price (per pound).		
		Tax.	Cost.	Profit.
	Cents.	*Cents.*	*Cents.*	*Cents.*
1900 (10 months)	41.2	12.0	22.6	6.6
1901	40.7	11.0	21.8	7.9
1902	39.9	8.0	21.3	10.6
1903	39.1	6.0	20.8	12.3
1904	40.9	6.0	19.6	15.3
1905	42.4	6.0	20.2	16.2
1906	42.9	6.0	19.7	17.2
1907	43.1	6.0	20.8	16.3

Without introducing more tables, which might only serve to confuse, it must be remembered that the trust controls more than 95 per cent of the total output of snuff in this country; that the use of snuff is increasing more rapidly than any other form of tobacco, and that the profits of the trust from this source, considered on the basis of the tangible assets of that part of its business, are beyond all belief, so enormous are they.

THE LEAF GROWER AGAIN.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from North Carolina?

Mr. BEVERIDGE. I do.

Mr. SIMMONS. I want to say to the Senator that I represent, as he knows, a tobacco-growing State.

Mr. BEVERIDGE. I am thoroughly and particularly familiar with that fact and other facts about the tobacco industry in the Senator's State.

Mr. SIMMONS. Therefore the people of my State are interested in the price of leaf tobacco. Their chief interest, as growers of leaf tobacco, is in the price of that tobacco. The present tax on leaf tobacco is 6 cents. I notice that the Senator's amendment here proposes a tax of 9 per cent upon——

Mr. BEVERIDGE. It does not propose a tax of a cent upon leaf tobacco.

Mr. SIMMONS. I am not speaking about leaf tobacco now—upon manufactured tobacco.

Mr. BEVERIDGE. Yes; it does; only one-half the war increase.

Mr. SIMMONS. Now, I would like to ask the Senator this question, and I am asking it for information. The Senator must not assume, when I ask a question, that I am antagonizing him.

Mr. BEVERIDGE. I will tell the Senator, frankly, that as I first drew my amendment I added 6 cents—that is, I restored the war-time rate—to all of the manufactured tobacco that is manufactured, and the reason I afterwards put it at only 3 cents was because I did not want to put so much tax on those who really may happen to be independent.

Mr. SIMMONS. The question I wish to ask the Senator is this: Has he considered—I do not know what will be the effect, and I am asking him—what will be the effect upon the price of leaf tobacco of the increase in the tax upon manufactured tobacco?

Mr. BEVERIDGE. The Senator asked me that before. Yes, I have considered it.

Mr. SIMMONS. I should like to have the Senator's views upon that subject.

Mr. BEVERIDGE. It will not affect the leaf grower a bit.

Mr. PAYNTER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. BEVERIDGE. I do.

Mr. PAYNTER. I want to say to the Senator from Indiana that I am very glad that the Senator from North Carolina submitted the inquiry he did, because I intended to do so myself. As the Senator knows, we are deeply interested in the question in Kentucky.

Mr. BEVERIDGE. Certainly.

Mr. PAYNTER. And I am very glad to hear the Senator say that it is his opinion that this tax will not affect the leaf raisers.

LEAF GROWER NOT AFFECTED.

Mr. BEVERIDGE. I know it will not. I have here statements which show that it will not.

Mr. PAYNTER. And had I made the inquiry, I certainly should not have done it out of a feeling of antagonism.

Mr. BEVERIDGE. Oh, I know that; I understand that. No one appreciates the Senator more than I. I expect the Senator's support; and that of the Senator from North Carolina.

No; the tax I propose will not affect the leaf grower in the least. When the tax was increased on manufactured tobacco in 1898, it did not reduce the price paid to the leaf grower. And the increase of tax which I propose is only one-half the increase made in 1898.

Mr. CRAWFORD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from South Dakota?

Mr. BEVERIDGE. I do.

Mr. CRAWFORD. An inquiry in that connection, which seems to me to be relevant, is whether or not, when the increased tax was put upon tobacco during the Spanish war, the leaf growers suffered by reason of that additional tax at that time?

Mr. BEVERIDGE. Either the Senator from Kentucky or the Senator from North Carolina can answer that more directly than I. It is a very pertinent question. I repeat, however, that that tax did not affect the leaf grower at all.

Mr. PAYNTER. I was not listening to the question.

Mr. CRAWFORD. Did the fact that during the Spanish war an increased internal-revenue tax was put upon tobacco affect the price paid to the growers of leaf tobacco?

Mr. PAYNTER. The Senator from North Carolina can perhaps answer that question better than I can.

Mr. BEVERIDGE. I am sure it did not.

Mr. SIMMONS. I have no information upon that subject.

Mr. BEVERIDGE. I said, a moment ago, that it did not. I referred that question to Senators from tobacco-growing States who are battling for the leaf grower, and they never heard of it. I have—and it did not touch the leaf grower. Even the trust could not have done that. It did not get any proportion of its tax at all out of the leaf grower; it got it all out of the price to the consumer; after Congress kindly took off the tax the trust continued to collect it and to keep it. The Government got the tax before we took it off and I want the Government to get it again.

Mr. CRAWFORD. The point is simply here: If the tax did not hurt them then, what reason have they for thinking it would hurt them now?

Mr. BEVERIDGE. Certainly; of course. The Senator's acute mind sees the point exactly.

THE LUMP SUM OF MILLIONS TRACED DIRECTLY FROM THE GOVERNMENT'S TREASURY TO THE TRUST'S TREASURY.

Now, Mr. President, I have had compiled a table which traces in a lump sum the enormous amounts of money which have been diverted from the Treasury of the Government to the treasury of the trust by the reduction of the war tax.

American Tobacco Company and its principal subsidiary companies; approximate difference between net value of sales, less tax, and net profits, under actual tax and what they would have been under war rates, assuming all other conditions, prices, etc., unchanged—cigars not included, but including little cigars and cigarettes.

	Net receipts (less tax).		Difference between tax actually collected and what would have been collected at war rate.	Net profit.	
	Actual.	Computed on basis of tax at war rate.		Actual.	Computed on basis of tax at war rate.
1899	$41,201,984.91	$41,201,984.91	----------	$5,358,186.78	$5,358,186.78
1900	50,800,241.36	50,800,241.36	----------	9,729,008.90	9,729,008.90
1901	57,693,649.82	54,776,000.00	$2,917,000.00	14,370,490.85	11,453,000.00
1902	71,873,893.70	60,901,000.00	10,973,000.00	19,442,006.93	8,469,000.00
1903	80,658,559.12	64,466,000.00	16,192,000.00	23,404,882.09	7,212,000.00
1904	82,377,079.47	66,178,000.00	16,199,000.00	21,891,989.93	5,693,000.00
1905	88,263,730.86	70,831,000.00	17,432,000.00	25,297,749.11	7,865,000.00
1906	96,640,306.09	77,802,000.00	18,838,000.00	28,740,767.29	9,902,000.00
1907	100,656,737.49	81,292,000.00	19,364,000.00	28,248,838.12	8,884,000.00

If you will study this table, you will see that if you will add the third and fifth columns, they make up, almost exactly, the fourth column—or the total amount of the present profits of the trust. Column 3 REPRESENTS EXACTLY WHAT HAS BEEN LOST TO THE REVENUES OF THE GOVERNMENT AND WHAT HAS BEEN ADDED TO THE REVENUES OF THE TRUST.

This table completes the case. When we took the tax off in 1901–2, reenacted the fractional package, cut nearly in half the tax on little cigars, the manufacture of which is almost monopolized by the trust, we, by that legislation, enabled the American Tobacco Company to take these millions of revenue which this table shows from the Government and add them to its own profits.

Mr. CUMMINS. Mr. President——

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Indiana yield to the Senator from Iowa?

Mr. BEVERIDGE. Certainly.

Mr. CUMMINS. What committee was it that reported this remarkable law in 1902?

Mr. BEVERIDGE. The Senator means "laws;" for there were four of them. It was the Finance Committee.

Mr. CUMMINS. Are there any who were then members of that committee still members?

Mr. BEVERIDGE. Yes; there are.

Mr. CUMMINS. I have not observed that any of them have given you the honor of their presence in discussing the law.

Mr. BEVERIDGE. I know, they are not interested. That has been a pretty familiar proceeding here this session.

Here are the facts, and they are facts laid before the Senate by the President of the United States after an investigation of the books of the corporations. If the Finance Committee want to absent themselves when I present the facts, nobody can prevent them.

GENUINE "INDEPENDENTS" NOT INJURED.

I want to put in two more things here. There have been some suggestions made to me that this amendment would injure the "independents," the few who remain. As I carefully explained in my first speech, I have made the amendment increase the tax on things that they manufacture only half what I do on the rest. Thus, instead of making the tax 12 cents—it is 6 cents now—I made it 9 cents, because I know they can stand it. I have got evidence to that effect, and one of the most signifi-

cant pieces of evidence to that effect is published here in the Tobacco Leaf, which set out to stir up an agitation against this amendment. Among others, they got a letter which they published, apparently without looking at it, from one of the three largest *genuine* independent companies in this country, the Surburg Company. That independent, *genuinely* independent, company says:

I am of the opinion: First, that an added tax should be put on cigars, at least $2 per thousand; on tobacco, 2 cents a pound—

That is within 1 cent of what my amendment proposes—

on cigarettes, 10 cents a thousand—

On cigars $2 a thousand would make *little or no difference to the retailer or manufacturer.*

On tobaccos 2 cents a pound would be *hardly noticeable.*

On cigarettes a small increase would *affect very few.*

I now ask the attention of Senators to this:

However, at the end of each year the added amounts obtained by these small INCREASES IN REVENUE WOULD AMOUNT TO AN ENORMOUS SUM FOR THE GOVERNMENT; IT IS AN INDIRECT TAXATION THAT WOULD WORK HARDSHIP TO NONE.

Now, that is the published opinion of the leading genuine independent tobacco manufacturer in the country. It says the tobacco tax should be increased; it says it "*would work hardship to none.*"

OPINION OF A CIGAR MANUFACTURER WHO MUST PAY THIS TAX.

I have here in my hand a letter from which I will read a very little. I do not intend to give the name of the writer. The Senate will have to take it upon my statement. He is one of the prominent manufacturers of high-priced cigars of the country, and I do not want to submit him or his company to persecution by giving the name. He says:

I think you are on the right track regarding the restoration of the size of the tobacco packages and the tax, and hope you will be successful in forcing the tobacco manufacturers to give the people what the people pay for and get back the lost revenues.

Regarding your proposition of a graduated tax on cigars, *while this might in a measure operate against my business,* I AM IN FAVOR OF IT, AND HAVE BEEN FOR YEARS, for it is manifestly unjust that *a stogie, selling at three and four for a nickel should pay to the Government the same revenue* THAT A FINE HABANA CIGAR DOES, SELLING FROM 10 CENTS UP TO $1 A PIECE.

So it appears that even the American Tobacco Company itself, in taking charge of the effort to kill this amendment, has not been able to get all the cigar makers and all the tobacco manufacturers to admit that it is going to hurt them.

Now, Mr. President, I believe I have closed the case so far as the facts are concerned.

THE CASE SUMMED UP.

Now, Mr. President, to sum up, and then I shall be through. I have shown this morning that our rate of taxation is ridiculously low compared with that of most other nations in the world. I have shown that if we tax at the French rate we would have on our consumption of tobacco $436,585,000 a year of revenue, and at the English rate $380,086,000 a year of revenue. If we tax our tobacco as much as Italy taxes its tobacco, on our consumption we would have $477,675,000 of revenue. I know Senators are astounded. But those are the facts. I have them from official authority.

Second, I have shown that our taxation during the war of 1898 WAS ONLY FROM A HALF TO A THIRD WHAT IT WAS CLEAR DOWN TO EVEN 1879, AND FAR BELOW WHAT IT WAS IN 1883. I have shown that the consumption in this country is increasing enormously and alarmingly. I have shown, furthermore, the history of the American Tobacco Company from the government's report itself. It says concerning this trust that the men anticipated this very legislation for their enormous profit, and that as a result of that legislation their anticipations were fulfilled.

Now, Mr. President, it must be remembered that this concern was making immense profits on actual investment *while the war was still on.* It was making plenty of money then, and there is no reason why it should have this additional tax presented to it now, for just that is what we have done.

I have, then, shown that every cent of the tax we put on in 1898 was added to the price, without one exception, and that when we took off that tax it was not taken off of the price, but was added, cent by cent, to the profit. I have shown from figures taken from the books just the amount of dollars, and I have given the total that year by year has been diverted by this legislation or the operations under it from the Treasury of the United States to the treasury of the tobacco combination.

Mr. GALLINGER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New Hampshire?

Mr. BEVERIDGE. Certainly.

THE FORESIGHT OF GENIUS.

Mr. GALLINGER. I simply want to call the Senator's attention to one statement he made which, I think, it might be well at this point to qualify. It is that these men—and I have no apology for them—went into this business because of their anticipation——

Mr. BEVERIDGE. That is what the report says.

Mr. GALLINGER. Of legislation. That was simply business foresight on their part——

Mr. BEVERIDGE. That is what I said; remarkable foresight—foresight amounting to genius.

Mr. GALLINGER. Because of the fact that it was a war tax and they expected, in the nature of things, that it would be reduced. The Senator did say that. I wanted to emphasize it, so that it might not appear the reason——

Mr. BEVERIDGE. You mean was an illegitimate reason?

Mr. GALLINGER. Yes.

Mr. BEVERIDGE. I have said two or three times that I declined to draw inferences; that I stated facts. I am not accusing anybody; I am trying to get those lost revenues flowing again into the Government's Treasury.

"REMARKABLY GOOD GUESSERS."

Mr. CRAWFORD. They were remarkably good guessers to be able to guess that that coupon would be allowed to remain and that the fractional weight should be allowed to remain, and that all those things should be permitted to remain under which they have profited so largely. They were remarkably good guessers.

Mr. BEVERIDGE. I say that the foresight of these gentlemen amounted to genius. The government report exhaustively states the fact. I will not take the time to read it again. The Senator will remember it.

Now, Mr. President, this case is made up and is now before the Senate on the authority of facts presented by the Government itself. Not one will be answered. Not one can be answered.

I addressed the Senate some weeks ago and made statements that were taken from the records and the statutes. I placed those statutes in parallel columns. I placed the figures taken from the Internal Revenue Commissioner's report before the Senate. We called upon the President for the information, with reference to prices and the manipulation of this combination. They have been before the Senate now for some weeks. No one has answered a single statement.

WHAT SENATORS WILL VOTE FOR.

I hold a brief for the American people who have been wronged. I hold it against the American Tobacco Company, who has profited by our acts. I have made no charges as to intention. I have only stated the facts. I have drawn no conclusion. I have only laid before the Senate the evidence. I want every Senator here to know that when he votes against this amendment he votes to continue this stream of gold that was turned by the legislation of 1901–2 from the Treasury of the United States to the treasury of the American Tobacco Company.

Now, Mr. President, I send to the Secretary's desk and offer to paragraph 217 an amendment. There is another provision to which I call the attention of the Secretary on the last page, restoring the Dingley anticoupon provision. The paragraph was passed over and is still before the Senate.

The PRESIDENT pro tempore. The Secretary will read the amendment.

The SECRETARY. Add at the end of paragraph 217, page 74, the following words:

SEC. —. That upon tobacco, snuff, cigars, and cigarettes manufactured and sold, or removed for consumption or use, there shall, from and after July 1, 1909, be levied and collected, in lieu of the taxes now imposed by law, the following taxes:

On snuff manufactured of tobacco or any substitute for tobacco, ground, dry, damp, pickled, scented, or otherwise, of all descriptions, when prepared for use, a tax of 12 cents per pound. And snuff flour, when sold or removed for consumption or use, shall be taxed as snuff and shall be put up in packages and stamped in the same manner as snuff.

On all chewing and smoking tobacco, fine cut, cavendish, plug or twist, cut or granulated, of every description; on tobacco twisted by hand or reduced into a condition to be consumed, or in any manner other than the ordinary mode of drying and curing, prepared for sale or consumption, even if prepared without the use of any machine or instrument, and without being pressed or sweetened; and on all fine-cut shorts and refuse scraps, clippings, cuttings, and scrapings of tobacco, a tax of 9 cents per pound.

On cigars weighing more than 3 pounds per thousand, a tax of $3 per thousand: *Provided,* That on such cigars of a wholesale value or price of more than $75 per thousand and not exceeding $110 per thousand, the tax shall be $6 per thousand; and on such cigars or cigarettes of a wholesale value or price of more than $110 per thousand the tax shall be $9 per thousand.

On cigars weighing not more than 3 pounds per thousand, a tax of $1 per thousand.

On cigarettes weighing not more than 3 pounds per thousand, a tax of $1.50 per thousand: *Provided,* That on such cigarettes of a wholesale value or price of more than $4 per thousand and not exceeding $8 per thousand, the tax shall be $3 per thousand, and on such cigarettes of a wholesale value or price of more than $8 per thousand the tax shall be $4.50 per thousand.

On cigarettes weighing more than 3 pounds per thousand, a tax of $3.60 per thousand.

That in addition to the packages of smoking tobacco and snuff now authorized by law there shall be packages of 1⅞ ounces, 2 ounces, 2½ ounces, 3 ounces, 3½ ounces, and 4 ounces; and there may be a package containing 1 ounce of smoking tobacco.

SEC. —. That section 3 of the act of April 12, 1902, entitled "An act to repeal war revenue taxation, and for other purposes," and all amendments thereof, and all other acts and parts of acts in conflict with paragraphs 217, 218, 219, 220, and 221 of this act are hereby repealed.

SEC. —. That until appropriate stamps are prepared and furnished, the stamps heretofore used to denote the payment of the internal-revenue tax on tobacco, snuff, cigars, and cigarettes, may be stamped or imprinted with a suitable device to denote the new rate of tax, and shall be affixed to all packages containing such articles on which the tax imposed by this act is paid. And any person having possession of unaffixed stamps heretofore issued for the payment of the tax upon such articles shall present the same to the collector of the district, who shall receive them at the price paid for such stamps by the purchasers and issue in lieu thereof new or imprinted stamps at the rate provided by this act.

SEC. —. None of the packages of smoking tobacco and fine-cut chewing tobacco and cigarettes and snuff prescribed by law, or any cigar or package of cigars, or other package of tobacco, shall be permitted to have packed in, or attached to, or connected with the same, any coupon or other article or thing whatsoever other than the wrappers or labels of the manufacturer or persons, orders, or organizations making or producing the same. And such labels shall truly state the bona fide owner, proprietor, and manufacturer: *And provided further*, That such packages, when emptied, shall not be received by any manufacturer of tobacco in lieu of coupons or in consideration of anything of value.

Mr. CRAWFORD. Will the Senator permit me?

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from South Dakota?

Mr. BEVERIDGE. I do.

Mr. CRAWFORD. I should like to know if the amendment just sent to the desk is the same as the amendment offered some time ago that has been printed?

AMENDMENT MODIFIED, AND WHY.

Mr. BEVERIDGE. It is exactly, with the two changes, I will state. The Senate will remember that no increased tax whatever was laid on cigars in the amendment as originally offered, except when it got up to cigars selling from $35 to $75 a thousand. Pretty careful investigation had convinced me that that would not put any additional tax at all, but would leave the tax as it was upon practically all the cigars that are made by little factories, and would thus lay not a cent's burden upon that great branch of the industry. Since then, in conversation with some cigar makers, I can see that it might affect perhaps as many as 2,000, if not more, throughout the country, unless we begin the increased tax on cigars with those that sell from $75 to $110 a thousand and upward. So, at their request, I have modified the amendment in that particular, so that the increase on cigars is on the cigars of very high price. They are all made by very large and very prosperous companies, and not a single independent cigar maker in his little factory in the whole United States would be affected. That is one change.

The other change is to add a section which reenacts—making it a little bit stronger—the Dingley anticoupon provision, which we repealed in 1902 at the time we took off the tax.

The facts collected by the Government have been placed before the Senate. If the Senate wants to undo what it did in 1901–2, it can do it. If Senators want to vote this revenue into the Treasury of the Government, instead of into the treasury of the tobacco trust, as has been the result—not the purpose, but the result—of the legislation of 1902, that can be done. I have discharged my duty, Mr. President.

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from North Dakota?

Mr. BEVERIDGE. I do.

Mr. McCUMBER. The Senator from Indiana has offered quite a long amendment, proposing to revise a large percentage of our internal revenue derived from tobacco. This bill is in the main a bill to regulate duties. I for one have not investigated the question of just what the tax ought to be upon tobacco. I am satisfied with the two provisions that are in the Senator's amendment at present, and should probably vote for both of them as separate provisions, even though I should naturally not be inclined to include outside matters in this bill. One is to dispose of these coupons entirely and the other is to arrange for proper packages, so that the tobacco dealers will not take advantage of the public. If the Senator would present them as separate propositions, I would be disposed to favor them.

Mr. BEVERIDGE. I most certainly will not present them as separate propositions, Mr. President.

Mr. McCUMBER. I am not asking the Senator to do so.

Mr. BEVERIDGE. I do not think the Senator is probably going to do so.

As to this being a tariff bill, there has never been a single tariff bill which did not contain some internal-revenue feature in it. This bill when it came from the House had an increased tax on cigarettes, and the Committee on Finance, of which the Senator is a member, struck it out, and did not explain to the Senate why it struck it out.

I suggest the absence of a quorum, Mr. President.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Clark, Wyo.	Frye	Overman
Bailey	Clay	Gallinger	Owen
Beveridge	Crawford	Gamble	Page
Borah	Cullom	Guggenheim	Penrose
Bourne	Cummins	Hale	Perkins
Bradley	Davis	Johnson, N. Dak.	Piles
Brandegee	Depew	Johnston, Ala.	Root
Briggs	Dillingham	Jones	Scott
Bristow	Dixon	Kean	Simmons
Brown	Dolliver	La Follette	Smoot
Bulkeley	du Pont	Lodge	Sutherland
Burkett	Elkins	McCumber	Taliaferro
Burrows	Fletcher	Money	Tillman
Burton	Flint	Nelson	Warner
Chamberlain	Foster	Newlands	Warren
Clapp	Frazier	Nixon	

Mr. BEVERIDGE. As to this amendment being an extraneous matter, I understand that the Senator's committee is going to bring into this customs bill an exceedingly extraneous amendment, compared with which this is most germane.

As to the Senator not having examined the amendment, it was carefully and mocroscopically analyzed and presented to the Senate several weeks ago; the figures were given, the statutes were laid side by side, and everything stated had been taken from the government reports. It is not my fault, Mr. President, that the Senator has not examined the amendment. He belongs to the committee which should have examined it.

As to restoring the packages, or as to taking up a proposition which was stated to me of not fixing any packages at all, that, of course, would authorize the American Tobacco Company to work its will still more upon the people. That would not correct the wrong which has been done in reference to plug and twist and all of that kind of tobacco; the reports of the Government giving the figures and stating in exact words that the tax was added to the price to a cent; and that when we took the tax off, although there was a protest against taking it off, the price of tobacco was not reduced, but was retained; and the amount of the tax that we took off to a cent, to a dollar, has been put into the coffers of the American Tobacco Company.

That is not my statement, but it is the Government's statement. The correcting of the fractional package will not remedy that. It will still continue to charge the same price to collect the tax from the people on plug and on twist and to pay it to itself instead of to the Government. Indeed, the fractional package, I find, on deeper investigation, was not necessary to enable the manufacturer to get this tax from the people; he did that by raising the price. The fractional package actually enabled him TO GET EXACTLY THAT MUCH MORE THAN THE TAX.

Mr. LODGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Massachusetts?

Mr. BEVERIDGE. Yes.

Mr. LODGE. Mr. President, the Senator's amendment is an amendment to the internal-revenue features of the bill. We are now on the dutiable schedules, and we have a unanimous-consent agreement that as soon as the dutiable schedules are finished we shall take up the income-tax amendment. I do not think, under that agreement, that we have any right to suddenly drop the dutiable schedules and go over to the latter part of the bill to deal with a purely internal-revenue question; and it belongs properly, of course, to the internal-revenue features of the bill.

Mr. BEVERIDGE. I suppose the Senator from Massachusetts will admit—I know that he will admit—that I have a right to offer an amendment any place I please in this bill. For example, there was no objection made the other day—and none could be made on parliamentary grounds—when the Senator from Texas [Mr. BAILEY] offered his income-tax amendment to one item of the sugar schedule. A tariff bill is an entire proposition before the Senate.

Mr. LODGE. The Senator misunderstands me. I would not deny his right to offer that amendment to any part of the bill at any time were it not that we were bound by a unanimous-consent agreement to finish the dutiable schedules and then take up the income-tax amendment. This is breaking that agreement, according to my understanding.

Mr. BEVERIDGE. It is not, of course, according to my understanding; but I suppose it will be according to everybody's understanding who does not want this amendment voted on.

Mr. LODGE. Every Senator must observe the agreement according to his own understanding.

Mr. BEVERIDGE. I ask, Mr. President, for a vote upon the amendment by yeas and nays.

Mr. ALDRICH. Mr. President, it is undoubtedly true, technically, that the Senator from Indiana has a right to offer this amendment; but it is certainly in violation of the spirit of our agreement, which was that we should proceed to dispose of the dutiable schedules and then take up the income-tax amendment, which, of course, was to be followed by the consideration of the other provisions of the bill.

The Senator from Indiana suggests that we have stricken out the internal-revenue provisions of the House bill, which included an increased tax on cigarettes and the imposition of an inheritance tax. They were stricken out, as stated by the committee, with the idea that they would hereafter report amendments to them or substitutes in place of them, including an amendment in regard to free leaf tobacco. The Senator from Kentucky [Mr. PAYNTER] understood—and everybody else understood—that we were to consider that matter and either agree to a substitute or agree to change it in some form when the internal-revenue features of the bill were reached. There was no suggestion of trying to prevent any action or any discussion upon any of the amendments which were then pending or which might be offered.

The committee have no disposition, so far as the amendment offered by the Senator from Indiana is concerned, to suppress investigation or to suppress discussion. Only yesterday the committee agreed that we would take up this matter, as soon as we could possibly consider it, in all of its aspects; that we would hear the Senator from Indiana if he should feel disposed to be heard, and that we would investigate the matter carefully. That is the purpose of the committee. They will report their conclusion whenever the internal-revenue features of the bill are reached.

It would be impossible, from a practical point of view, to inject this amendment into the dutiable schedule in the construction of the bill as the committee propose it. For instance, the first section of the bill is made the dutiable and the free list. Our maximum and minimum provisions provide that under certain contingencies the duties contained in the first section shall be increased or affected by the presidential proclamation. Of course, as a matter of fact, we could not put a provision taxing cigars and tobacco under the internal-revenue system in this section.

I will assure the Senator from Indiana that his side of the matter will be heard, and that this question will be carefully examined.

Mr. BEVERIDGE. Mr. President, if the Senator will permit me, I had some rather important facts to lay before the Senate to-day, and the Senator speaks about hearing me upon this matter. I do not think that the committee showed any disposition to hear the facts that were laid before them to-day. I did not want them to hear me, but I should have liked them to have heard some of the facts.

Mr. ALDRICH. I shall read the speech of the Senator from Indiana with great care.

Mr. BEVERIDGE. I have no doubt of that.

Mr. ALDRICH. The Senator from Indiana knows as well as I do that the committee are engaged in the preparation of an amendment to the income-tax provision, which has been made the special order as soon as these schedules are disposed of; and we have been at work in that direction, hoping that later this afternoon or early to-morrow morning we could present to the Senate, in order that they might be read and considered, the provisions which we propose to put into the bill in regard to the tax on corporations.

Knowing that the dutiable schedules were to be disposed of as soon as possible, we thought that this amendment should be prepared to be presented to the Senate. I am sure that the Committee on Finance have not neglected their duty. There has been no time since this bill has been here that the Republican members of the committee have not given a very large portion of the hours of every day to the consideration of this bill.

The committee are not unmindful of the fact that this amendment of the Senator from Indiana is an important one, and I can assure the Senator that we will give it our most careful consideration; but I suggest to him that it is a plain violation of the spirit of our agreement to try to inject this amendment to the internal-revenue feature of the bill here before we dispose of the schedules and before we dispose of the income-tax amendment.

If the Senator will agree to the postponement I have suggested, I am willing to agree that the amendment shall be taken up immediately after the income tax is disposed of, if he desires to have that done, or as soon as we reach the internal-revenue part of the bill. Otherwise, I shall be obliged to move to have it postponed.

Mr. BEVERIDGE. Very well, then; there will be——

Mr. CULLOM. Let it go over.

Mr. BEVERIDGE. I want to think a little about this thing.

Mr. CLAPP. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Minnesota?

Mr. BEVERIDGE. Certainly.

Mr. CLAPP. With all due deference, if one objection can prevent it, I would not consent to this matter going over until after the income tax is settled. It ought to be settled before that.

Mr. ALDRICH. The Senate has already agreed, by unanimous consent, to finish the dutiable schedules and the free list, and then to take up the income tax and keep it before the Senate until it is disposed of.

Mr. CLAPP. I am glad to hear the Senator urge that, because I shall remind him of it upon almost, I think, the first thing the Senator brings up after the speech of the Senator from Texas; but I can not concur in the view that the agreement was that we should consent to let matters of this character go until after the disposition of the income-tax amendment.

Mr. BEVERIDGE. It was not the agreement.

Mr. ALDRICH. The agreement was that the dutiable schedules and the free list should first be disposed of.

Mr. BEVERIDGE. The word "dutiable" was not used. The word "dutiable" has been put in here to-day.

Mr. ALDRICH. Yes; it was.

Mr. CLAPP. The reason of this thing was that when we came to discuss the income tax we would know just what we had done, so far as the Senate could do it, with reference to the revenue to be derived from the amendments to this bill. I submit, again, before we take up the income tax, that we ought to know, so far as we can know from our own action in the Senate, what the revenues will be.

Mr. SUTHERLAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Utah?

Mr. BEVERIDGE. Certainly.

Mr. SUTHERLAND. I listened with very great care to most of what the Senator from Indiana had to say upon this subject this morning. He made a very careful and very strong presentation of this case, and yet there may be another side to it which we have not heard. I am very much inclined to vote for the Senator's proposition, and yet I will say frankly to the Senator that I do not feel quite prepared to vote now; and I hope, in the interest of his own proposition, that he will not insist upon a vote now, but will permit it to go to the Finance Committee and let the Finance Committee consider it. The chairman of the Finance Committee has promised that it will be considered and will be reported. It seems to me that is a fair proposition, and I believe the Senator will make greater headway with his own proposition if he will permit that to be done. There may be other Senators here who feel the same way as I do about it, who are very much inclined to support the Senator's proposition, and yet who are not quite prepared to do it at this moment, and desire to look into it a little further. That, at any rate, is my frame of mind, and I very much hope the Senator will not insist upon a vote upon this proposition at this time.

Mr. BEVERIDGE. Mr. President, anything that the junior Senator from Utah [Mr. SUTHERLAND] says to me appeals to me very strongly, as he knows. I can see that there is weight in what the Senator says; but, on the other hand, Mr. President, the Senator will recognize that I brought this matter up in a very careful statement which I read to the Senate many weeks ago. There has been accessible to every Senator this volume, the first report of the Department of Commerce and Labor——

Mr. SUTHERLAND. If the Senator will permit me right there, it is true, as the Senator says, that he presented it with fullness some time ago. I listened to him upon that occasion; but the Senator must remember that we are dealing here with a multiplicity of things.

Mr. BEVERIDGE. I am aware of that fact.

Mr. SUTHERLAND. Our time is fully occupied, and we can not always give attention to these matters, and perhaps they are important and ought to be considered.

Mr. BEVERIDGE. The case, although I have taken some time to present it, because there is such a multiplicity of figures and statements connected with it, is an exceedingly simple one. I am not going to restate it.

It involves almost in a nutshell the fact that when we put on the tax, they added it to the price; and when we took off the tax they kept it on the price and added it to their profits. And all there is to it is the question whether we want this revenue to go into our Treasury or into their treasury.

Mr. McCUMBER rose.

Mr. BEVERIDGE. Pardon me a moment—and the additional facts which I presented this morning to the Senate, but which did not seem to interest certain Senators very much, that we now tax this article infinitely less than any other civilized country except Belgium, and possibly Germany; that we tax it now less than ever before in our history; that we taxed it in 1898, during the war, less than ever before in our history, excepting only the period from 1890 to 1898.

There is the whole case. I have gone into great detail. I have relied upon government reports. I will say to the Senator that while I have been impatient, I am very much disposed to let the matter go over at the Senator's request. But it has been before the Senate; I have spent a great deal of time getting these facts together; they are facts that can not be laughed down, as I saw an attempt made to do to-day when certain figures were presented; and I will say to the Senator that I am a little bit impatient. I know perfectly well that there is no question about there being an intention to defeat this amendment. I am perfectly clear about that. I know that the effort is going to be made in every possible way to defeat this amendment by delay, by the confusion of figures, by arguments that we do not need the revenue, and everything else. And if it were not for that, I will state to the Senator, I would at once follow his suggestion.

Now I yield to the Senator.

Mr. McCUMBER. Mr. President, I am afraid that the Senator's overzealousness for immediate action upon his amendment will not inure to the benefit of that amendment.

Mr. BEVERIDGE. That is to say—pardon me, the Senator is speaking in my time, and he must stop when I interrupt him——

Mr. McCUMBER. Mr. President, if the Senator wishes to give me time to give an expression, all right.

Mr. BEVERIDGE. I want to say——

Mr. McCUMBER. If he refuses, all right.

Mr. BEVERIDGE. I do not refuse; I yield. But when the Senator says that, he makes this statement, which I am sure he does not want to go unmarked—that if I press the amendment, the very fact of pressing it will cause certain Senators to vote against the amendment. The Senator does not want to be put in that attitude, but that is virtually his threat.

Mr. McCUMBER. Mr. President, the attitude I want to be *put in is this*: The Committee on Finance have been rather busy. About every other night we are up until 12 o'clock midnight upon this bill. We have to be in the Senate most of the time. When the Senator spoke before, I listened to his entire speech. This morning I was absent for a time at the White House, and then I was in the committee while it was in session. The rest of the time I was here. While I was present complaint was made that the committee were not all present. The Senator probably observed that there was just as great a percentage of others absent as there was of the committee.

But, Mr. President, that has nothing to do with this question. Up to the present time this matter has not come up for consideration before the committee. I have always understood that it would be reached before we got through with the bill, and that we would consider it at the proper time. I have been very much impressed with the position taken by the Senator—not possibly as to every provision, but certainly as to some of the provisions of this amendment.

I should perhaps be able to vote this morning upon two of the provisions. I should not vote for the amendment as a whole to-day. I should be compelled to vote against it; because, while it may be entirely correct, as the Senator states, and while I have listened to much of his argument, which seems to be very conclusive upon some matters, I am not prepared to say to-day what the tax shall be. I want the committee to consider the matter before I vote on it. To-day I should vote against taking this matter out of its order and attaching it to another provision of the bill. When it does come up for consideration, after having been considered by the committee, I am a little inclined to think that I shall favor most of its provisions. I do not know how the other members of the committee may feel.

Mr. BEVERIDGE. Mr. President, I feel that what the Senator says is reasonable, although I will say this: Of course the child always looks that way to its own parent; and it is incomprehensible to me, of course, that anyone should not see at once that this amendment is entirely the right thing—especially so in the case of a Senator of so good an intellect as my friend from North Dakota.

I am more or less puzzled what to do about this matter. I know what the Senator from Rhode Island says; he has been urged to have it postponed.

Mr. ALDRICH. Urged by whom?

Mr. BEVERIDGE. Well, I withdraw that. But if the Senator from Texas will agree that we may vote upon this amendment after we have finished the schedules, and before the discussion of the income-tax proposition begins, I will——

Mr. CLAPP. Mr. President, if the Senator will pardon me, with all due deference to the Senator from Texas, I do not think that either the Senator from Texas or any other Senator can make any such agreement. If it is suggested that this matter be delayed until other Senators can examine it, or until possibly the Finance Committee can within a reasonable time take it up, that is all right. But I for one shall enter a protest against subordinating this or any other thing that affects the amount of revenue to be derived from the bill to the consideration of any other subject.

Mr. BEVERIDGE. I do not quite understand what the Seantor means by subordinating this subject to any other subject.

Mr. CLAPP. I refer to the suggestion of an agreement to postpone the consideration of items here, because they are corelated with revenue matters outside of the tariff itself, to a consideration of the income tax.

Mr. BEVERIDGE. The Senator knows that the broad spirit which urged the postponement of the consideration of the income-tax proposition was that it was wise to first see how much revenue we would probably get from the bill as finally adopted by the Senate.

In deference to the junior Senator from Utah [Mr. SUTHERLAND] and the Senator from North Dakota [Mr. McCUMBER] and other Senators who have expressed a desire to have an opportunity to look further into this matter, and in view of the friendly statement of the Senator from Rhode Island with reference to it, and for the convenience of Senators in general, I think I shall let this matter go over, if we may understand that——

Mr. CLAPP. Just let it go over.

Mr. BEVERIDGE. Then, with the understanding that I can present it whenever I choose, I will let it go over. With the understanding that we will vote upon the matter when I call it up, after we have disposed of the income-tax and corporation-tax matters, I will let it go over.

Mr. CLAPP. Mr. President, there can not be any such understanding. This matter may go over, but I shall claim the right to bring it up to-morrow or on any other day.

Mr. BEVERIDGE. Very well, Mr. President, I will let it go over indefinitely. I mean to say I will simply let it go over. I do that to oblige Senators.

Mr. HALE. The Senator withdraws the amendment.

Mr. BEVERIDGE. Oh, certainly; that goes as a matter of course.

Mr. GALLINGER. Will the Senator permit me for a moment?

Mr. BEVERIDGE. Certainly.

Mr. GALLINGER. I will suggest to the Senator that I have a very important amendment that I propose to offer, and that I hope will be adopted by the Senate, increasing the beer tax. But I do not propose to offer it until the dutiable schedules of the bill are completed.

Mr. BEVERIDGE. The example of the Senator from New Hampshire is always a good one to follow; but, at the same time, the Senator must permit me to take my own course.

Mr. GALLINGER. Oh, to be sure; but I wanted to make that suggestion to the Senator—that the course I shall pursue is in the line suggested by the committee; and I am glad that the Senator is inclined to do the same.

Mr. BEVERIDGE. I say that for the convenience of Senators—I see the Senator is going to examine this matter—I shall let it go over. Of course that means that it is withdrawn. I offered it a moment ago. I now withdraw it and let it go over. I understand that at the appropriate time I may call it up.

Mr. GALLINGER. Certainly.

The PRESIDENT pro tempore. The Senator from Indiana withdraws his amendment.

Mr. BEVERIDGE. For the present. I will bring it up hereafter.

Mr. MONEY. Mr. President, in view of the time that has been lost in the accommodation of several Senators, I want to

say a word, with the hope of facilitating the further progress of this bill to the speediest possible completion.

Everybody realizes how very tiresome this debate is becoming, especially some Senators who are sick. I have been asked several times to agree to a date when we shall take a vote on the passage of the bill. I have not been able to consent to that for several reasons, some of which are shown by a memorandum I am going to send to the desk and ask the Secretary to read. I wish to say now that I shall only occupy the time of the Senate very briefly, especially as we have reached the hour when the Senator from Texas desires to address the Senate. But I will ask him to let me have this bill of particulars read; and I am going to ask the attention of the honorable chairman of the Finance Committee to what I consider necessary to complete this bill.

We do not know what we are voting on, except as we take up the separate schedules. The whole of the bill has not been presented here.

It comes in on the installment plan, as a majority of the majority may happen to vote from day to day. We want to know what we have to vote on at last. I ask the Secretary to read what I send to the desk, which indicates that there are some things which I think are necessary, and which have not been reported by the majority of the committee.

The PRESIDENT pro tempore. The Secretary will read as requested.

The Secretary read as follows:

PROVISIONS NOT FOUND IN SENATE BILL AS AMENDED THAT ARE NECESSARY TO COMPLETE BILL.

[The sections of Dingley bill covering these provisions are given.]

I. Countervailing duty. (Sec. 5.)
II. Regulations as to labeling and marking packages, etc., of imported goods. (Sec. 8.)
III. Prohibiting goods counterfeiting American names and trade-marks. (Sec. 11.)
IV. Provisions for free entry of materials to be used in the construction of foreign ships and repair of American ships under certain conditions. (Secs. 12 and 13.)
V. Provisions for supplies withdrawn from bonded warehouses, etc., for American ships. (Sec. 14.)
VI. Provisions covering bonded warehouses. (Sec. 15.)
VII. Prohibition of certain imports of an obscene nature, etc., together with penalties for such importation. (Secs. 16, 17, and 18.)
VIII. Provision for the importation in bond of machinery to be used for repairs. (Sec. 19.)
IX. Provisions covering the forests of the State of Maine along the St. Johns and St. Croix rivers. (Secs. 20 and 21.)
X. Restriction of imports to American and other vessels and the imposition of extra duties under certain conditions, depending upon treaty provisions. (Secs. 22, 23, and 24.)
XI. Provisions as to neat cattle and hides, together with penalty for violation. (Secs. 25 and 26.)
XII. Reimportation of American goods once exported. (Sec. 27.)
XIII. Provisions respecting goods from wrecked vessels. (Sec. 28.)
XIV. Smelting and refining in bonded warehouses. (Sec. 29.)
XV. Drawback provision. (Sec. 30.)
XVI. Convict-labor provision. (Sec. 31.)
XVII. Rates on goods already imported, but in warehouse. (Sec. 33.)
XVIII. Repeal section. (Sec. 34.)

Mr. ALDRICH. Mr. President, will the Senator yield to me for a moment?

Mr. MONEY. If the Senator will permit me, I want to make just one remark. I am not giving any information to the distinguished chairman of the Finance Committee. He knows all about this matter much better than I do. But here are things that are important and necessary to the completion of this tariff bill, as he very well knows. When is he going to bring them in?

Mr. ALDRICH. Mr. President——

Mr. MONEY. One moment, if you please. In other words, we are asked to fix a time for a final vote upon a bill which is incomplete. We do not know what is coming next. We do know that now and then the majority of the committee meet, and, by a majority vote of the majority, do report certain amendments. So we are getting the bill by piecemeal.

In this condition of things, it is impossible to get consent to fix a time to vote upon the bill, because we do not know what is going to come into it, nor how much time of that which is set will be wasted in unimportant debate upon mere trivialities, when at the last moment the most important questions—such, for instance, as the maximum-rate clause, which will have to be debated quite thoroughly, and all these things—can be put through without time for investigation, without time for debate, and almost without an opportunity for protest, simply because the time has come to vote upon the bill.

I have no authority in the world to make a proposition of any kind; but I will take the liberty of making a suggestion to my friend from Rhode Island on this subject. It is that the committee bring in all they intend to ask us to vote upon, so as to give us a symmetrical whole, in order that we may know all that is coming, and that it may be before the Senate when we are voting upon every single item; because each one will have more or less relation, especially with a view of revenue, to the other parts of the bill. There is no one here who is disposed to delay the progress of the bill; and when he has done that I think he will have no difficulty, if he wishes it, in obtaining unanimous consent to take up any schedule he wishes, or any item in a schedule, and to have a time fixed for a vote upon that particular schedule. When that has been concluded, he can then take up the next one, and ask for the fixing of a time for a vote upon it, and so on. In that way, almost before we are aware of it, the bill will be debated, voted upon, and completed. But the Senate will have in its mind what is coming next, and what, in the whole, it will have to vote upon.

The Senator may not have any embarrassment about this matter, because he knows what he has in reserve. We do not. Therfore we are voting here blindly, in some measure, because we must vote at last with relation to the revenue that is to be laid and collected by this measure. I will ask him to take this matter into consideration, and, if he is ready now to do so, to state whether he has considered all these matters. I have no doubt that he has, because they are so important that they can not have escaped the notice of such a profound master of the art of construction as he is.

If so, I will ask if he will tell us now whether he has in progress an amendment that embodies these things, or whether he has considered them, and when he is going to report the whole bill? When that is done, I do not think there will be any difficulty in coming to a unanimous-consent agreement in the way I have indicated, at least; and we will have a proper disposition of the bill in less time than we can have on the installment plan that prevails to-day.

Mr. ALDRICH. Mr. President, I appreciate fully the force of the suggestions of the Senator from Mississippi [Mr. MONEY]. As I have already stated, in answer to the suggestions of the Senator from Indiana [Mr. BEVERIDGE], the committee have been extremely busy with various matters, as the Senator from Mississippi knows. Rightfully or wrongfully, the majority of the committee felt the responsibility of presenting their own views as to the dutiable schedules of the bill and the provisions of the free list. That is in accordance with the custom; and I do not desire, at the present moment, to go into that question. But these administrative features, the features to which the Senator from Mississippi has alluded, are not partisan questions.

They are not questions dividing the Senate along lines of protection or duties for revenue only. I suggested yesterday to the senior Senator from Virginia [Mr. DANIEL], the senior member on the Democratic side of the committee, and I suggested this morning to the Senator from Texas [Mr. BAILEY]—and I should have made the same suggestion to the Senator from Mississippi [Mr. MONEY] if I had been able to find him—that the whole committee at once take up all the provisions to which he has alluded and try to reach some agreement upon them, with a view of reporting at a very early day such of those provisions as they approve, or, if they so desire, with modifications.

It is my purpose to call at a very early day a meeting of the entire committee to take up all the provisions to which he has alluded in the statement which has already been read. It is also my purpose to report as early as possible every single amendment the committee expects to offer. I think that with two or three exceptions every amendment the committee has to the dutiable schedules has already been presented, and those that have not are of minor importance. So I can not see why, before the week closes, we may not be able to dispose of all the dutiable provisions, which will include any little amendments we may have to the schedules which have not already been disposed of. Most of them have. And I hope that during the debate upon the income tax and the corporation tax the committee may find time, within a very short period, to report every amendment which they may have to suggest to the complete and entire bill.

Mr. MONEY. Mr. President, if the Senator from Texas will permit me for a moment, the Senator from Rhode Island understands very well that I did not rise to criticise the action of the committee in framing a bill for which they are exclusively responsible. I simply rose, as I said at the outset, to facilitate the work of the Senate, and to present some reasons why it has been impossible to fix upon a definite time for a final vote upon this bill—because the whole measure has not been before the Senate. What I said, as I stated to him, was a mere suggestion. I knew that with his perspicacity, and his experience in these matters, he would see how necessary it is that a completed measure shall be presented. I differ with him, however,

in the relation which they bear to all the items upon the bill that are dutiable; because they must all be considered together when we are considering that a certain amount of money must be raised by this bill, unless there is some way to supplement it, which we do not yet know.

It is that very uncertainty as to what will come next which prevents us from fixing a time to vote on anything. The Senator can see that if everything were in and we had some assurance that there were to be no more changes, if the committee had presented to the Senate all that it intended to present, all these difficulties could be obviated in the way I have pointed out, and the Senate could come to a very cordial agreement.

I want to say to the Senator, what he is probably aware of, that there is no Senator who wants to stay here a single moment longer that he must stay. A good many Senators are here now who should not be, and it is only with a view of expediting matters that I have made these suggestions.

I am indebted to my friend from Texas [Mr. BAILEY] for the time in which I have made them.

Mr. ALDRICH. I assure the Senator from Mississippi that I am in entire sympathy with what he has said and of my purpose to cooperate with him and all the other members of the committee in presenting these amendments at the earliest possible moment.

Mr. BAILEY. Mr. President, I knew, when we entered upon the discussion of this bill, that many distinguished Democrats and sincere tariff reformers have never been entirely satisfied with the action of our party in renouncing the doctrine of free raw material; but I did not suppose that any well-informed and candid man in this Republic would deny that we had expressly and deliberately renounced it. As this debate has progressed, however, it has become apparent that many men of great ability and of high standing believe that it is now, and that it has always been, the policy of our party to exempt the manufacturers' raw material from all tariff charges; and some of them, under that impression, are condemning me, and those with whom I have voted, as recreant to our Democratic duty. I understand, of course, that many of those who are assailing us have seized upon this matter as a mere pretext for the attacks which they desire, for other reasons, to make on the Democratic party; but some of the criticisms are so evidently sincere that they require a respectful answer. I therefore feel that I owe it to my associates, as well as to myself, to lay before the Senate and before the country a brief statement on the question.

More than one of those who have written or spoken on the subject have not only assumed, as a matter beyond all dispute, that to admit raw material free of duty is the traditional policy of the Democratic party, but they have even reported me as admitting such to be the case. I have here an editorial which recently appeared in a reputable newspaper, whose editor, I am sure, would not intentionally misrepresent any man, and to illustrate how widely my view has been misunderstood I will read this extract from it:

> When the Cleveland Democracy lost control of the party in 1896, the doctrine of free raw materials was put upon the shelf. Mr. BAILEY says that he drew the tariff plank of the 1896 platform with the distinct purpose of renunciating the free raw materials idea. But up to that time Mr. BAILEY admits the Democratic party did advocate the doctrine of free raw materials, though many members of the party disliked it.

While the gentleman who wrote that editorial may not have so intended, I think the inference which even the most intelligent and attentive reader would draw from it is that I have admitted that prior to 1896 the Democratic party had always advocated the importation of raw materials free of duty. Had he confined my admission to Mr. Cleveland's era, his statement would have been entirely accurate; but I have never, at any time or in any place, admitted that up to the national convention of 1896 the Democratic party had always advocated such a policy. On the contrary, I have, in season and out of season, denounced it as a radical departure from the well-established principles and policies of our Democratic fathers. It is very true—and that much I have freely admitted—that during the time when Mr. Cleveland and his friends dominated our party they did commit it to the supreme folly of giving our manufacturers free trade in what they buy while leaving them protection on what they sell; but I have asserted, with almost wearisome reiteration, that both before Mr. Cleveland's first administration and after Mr. Cleveland's second administration the Democratic party had and has always rejected that doctrine, and I think that I have demonstrated on more than one occasion that the advocacy of it was the exception, and not the rule, with men of our political faith.

AN OLD QUESTION.

This question is not a new one in our time, nor was it a new one in Mr. Cleveland's time. It is as old as the tariff controversy itself. In the very elaborate report on Manufactures which he made to Congress in 1791, Alexander Hamilton included the exemption of the manufacturer's raw material from customs taxes, with high duties, prohibitions, bounties, and other special privileges as a means of developing manufacturing enterprises. He arranged them under subheads, and presented the arguments in favor of each according to that arrangement. They were stated in this order:

1. Protecting duties, or duties on those foreign articles which are rivals of domestic ones intended to be included.
2. Prohibition of rival articles, or duties equivalent to prohibitions.
3. Prohibition of the exportation of the raw materials of manufacturers.
4. Pecuniary bounties.
5. Premiums.
6. The exemptions of materials for manufacturers from duty.
7. Drawbacks of the duties which are imposed on the materials of manufacturers.

Four other methods were enumerated, but as they do not relate to the tariff I omit them here. In another paragraph of the same report, while discussing the cotton goods industry, Hamilton described the exemption of its raw material from duty as an "essential advantage" to the manufacturer.

Mr. Clay, who is often and affectionately called the "father of the protective system," specified the admission of raw material free of duty as one of the ways in which the manufacturer could be protected. He taught that manufacturing enterprises could be encouraged by diminishing the cost at which their articles could be produced as well as by increasing the price at which they could be sold. But the friends of protection in this day realize that from its peculiar nature it would not be sustained by public sentiment unless its favors are extended to every class who can possibly participate in them; and they have adopted the plan of giving all protection at the selling end of the transaction. They are wise enough to understand that they can not advocate free trade in what the manufacturers must buy and protection on what they make to sell without arraying against them every producer of raw material; and their maxim is protection for every industry. They have not, however, always practiced their profession, for while they have never ventured to the extent of removing the tariff entirely from raw material, they give, whenever they think it safe to do so, the manufacturer an advantage over the producer of raw material by levying higher duties on manufactured articles than on the raw material out of which they are made.

The paragraph now pending, and the amendment offered by the Senator from Rhode Island [Mr. ALDRICH] yesterday afternoon are apt examples of this favoritism. The House of Representatives, after placing hides on the free list, still left the manufacturer a duty of 15 per cent on shoes, and although the Senate has remedied this discrimination by restoring the duty on hides, it could not resist the tendency of this system; and the chairman of the Finance Committee has reported an amendment increasing the duty on shoes to 20 per cent, which gives to the manufacturer a 25 per cent higher duty on his finished product than he pays on his raw material.

Aside from the act of 1833, which may be excluded from our consideration because it was a compromise measure and therefore did not completely exemplify the view of any party, the first distinct and systematic attempt to adopt this theory of raw materials, even in a modified form, was made by the Whig party when it passed the act of 1842. That bill was protection run mad. Its high duties on all manufactured articles were supplemented by a low duty or no duty on every raw material; and it was denounced by the friends of fair trade as well for the double advantage which it gave to the manufacturers as for the double disadvantage to which it subjected the people. The ablest Democrat then in Congress, and in my judgment the ablest Democrat, with the single exception of Thomas Jefferson, who ever devoted his talents to the service of this country, was John C. Calhoun; and he complained against the raw-material provisions of that bill almost as bitterly as he did against the direct protection of it. In describing the character of that measure, Mr. Calhoun said:

> An examination of this bill will show that there is not an article manufactured in the country, nor one which might come into competition with one that is, which is not subject to high protective duties. In the latter description may be placed linen, silks, worsted—which, though not articles manufactured in the country, are subject to as high duties as those that are, in order to give the home manufacturers of cotton and woolens the exclusive monopoly, if possible, of the market. To this may be added that there is not a raw material, scarcely, on which manufacturers operate, or any material which is necessary to the process of manufacturing, which is not admitted duty free, or subject to a very light one. But this is not all. Most of the articles for which the exports of domestic manufactures are exchanged abroad are subject to light duties, and the two principal ones (tea and coffee) for which they are chiefly exchanged are admitted duty free. It is that which makes the main difference between this and the vetoed bill. On the other hand, all the articles for which the agricultural products of the country, including provisions of every description and the great staples of the country, are almost exclusively exchanged are subject to high duties, such as wine, silks, worsted, cottons, linens,

cutlery, hardware, woolens, and other products of England and the Continent. The bill, in short, is framed throughout with the greatest art and skill to exempt, as far as possible, one branch of industry from all burdens and shackles and to subject the other exclusively to them; and well may our political opponents raise their heads, amidst their many defeats, and exult at beholding a favorite measure—one, above all others, indispensable to their entire system of policy—about to be consummated.

One of the most active, and next to Mr. Calhoun, perhaps the most active, opponent of the law of 1842, was Senator Sevier of Arkansas. Although a Whig when first elected a Delegate to Congress from the then Territory of Arkansas, he afterwards became a Democrat, and on this question he was a Democrat of the "strictest sect." He not only denounced direct protection, but he denounced incidental protection, and declared that the only protection which would ever find any countenance with him was the "accidental" kind. So far as my reading informs me, he was the first to make the distinction between "incidental" and "accidental" protection, and I have always regretted that it has not been preserved in the literature of the tariff discussion. I think that it was founded upon a good reason, and so analytical a mind as that of John C. Calhoun cordially commended it. In opposing the act of 1842, Senator Sevier included among the grounds of his opposition the special privilege which it conferred upon the manufacturers in respect to their raw material. He declared:

In this bill it is apparent that protection is the leading object, and that revenue is a secondary consideration. This bill is also studiously partial in its operations. It exempts entirely from duty many of those articles which are consumed in our manufactories, such as indigo and other dyestuffs, etc. It puts also a light and nominal duty upon other articles—such as raw hides, etc. In short, many of those things which are consumed in New England are either exempt from duty entirely, or but slightly taxed. And if it should so happen that she is taxed like her sisters in other portions of the Union, she manages in some way or other to get it back by the process of bounties or drawbacks—as upon the articles of refined sugar, salt in fish, and molasses, converted into Yankee rum.

What Mr. Calhoun and Senator Sevier had said against the raw material features of the act of 1842, when it was pending in this body, was afterwards repeated and indorsed by Robert J. Walker, when advocating the repeal of that law; and the most serious criticism which he made against it in his celebrated report of 1845 was on account of its discrimination in favor of the manufacturer and against the producer of raw material. I have once before in this discussion alluded to Mr. Walker's criticism against that feature of the Whig tariff act of 1842, and in order that Senators may see for themselves how pointed and direct it was, I will read his exact language. Here it is:

The present tariff is unjust and unequal as well in its details as in the principles upon which it is founded. On some articles the duties are entirely prohibitory, and on others there is a partial prohibition. It discriminates in favor of manufactures and against agriculture by imposing many higher duties upon the manufactured fabric than upon the agricultural product out of which it is made.

Of course there were other discriminations against which Mr. Walker complained; but he stated this first in order, because he deemed it first in importance, and the Whig Members of Congress were not slow to accept the challenge. Indeed, as I recall it now, the only vote on which the opponents of the law of 1846 won a victory of any significance was on the very question raised by Secretary Walker in the criticism which I have just quoted. On the day before the act of 1846 passed the Senate the Hon. John M. Clayton, a Senator from Delaware, offered this resolution:

That the bill be committed to the Committee on Finance with instructions to remove the new duties imposed by said bill in all cases where any foreign raw material is taxed to the prejudice of any mechanic or manufacturer, so that no other or higher duty shall be collected on any such raw material than is provided by the act of 30th of August, 1842; and further so to regulate all the duties imposed by this bill as to raise a revenue sufficient for the exigencies of the country.

From time to time, and in framing other tariff bills, this question of free raw material had arisen in particular cases, and men had voted on it with reference to certain facts or conditions without committing themselves for or against it as a system. But here the question was separated from the facts and conditions which might affect a man's judgment in a particular case, and it was distinctly presented as a part of the Whig policy of protection, to be decided without the disturbing factor of local or particular influences. The resolution contained two propositions—one relating to raw materials and the other to the amount of revenue; but every man in the Senate on both sides of the question recognized that the chief issue which it presented, and upon which it was desirable to define the position of both parties, was that part of it embodying the question of free raw material. Accordingly, Senator Johnson demanded a division of the question, and a separate vote was taken on that part of the resolution which related to raw material. On the roll call every Whig Senator voted for the resolution to commit, and they were joined by the two Democratic Senators from Pennsylvania and a Democratic Senator from Connecticut. Every Democratic Senator except the three whom I have just mentioned (and those three voted against the bill on its final passage) voted against the resolution to commit. Not only did every Democrat who voted for the act of 1846 on its final passage record himself as opposed to this form of special privilege to manufacturers, but that list includes some of the most illustrious names in our history. Among those who voted then as I vote now were John C. Calhoun, of South Carolina; Thomas H. Benton, of Missouri; Lewis Cass, of Michigan; George McDuffie, of South Carolina. I also find there the name of Samuel Houston, who then represented Texas in this great assembly, and voting with him was his colleague—the brilliant, but ill-fated, Rusk. Against this almost solid Democratic protest the resolution was adopted by a vote of 28 to 27, and the bill was referred to the Finance Committee, which reported it back to the Senate the next morning without the slightest alteration. Of course the opposition Senators assailed the committee with some degree of bitterness for its refusal to comply with the instructions of the Senate; but when the vote was taken on the final passage of the bill that same day it passed by a vote of 28 to 27. That bill conformed in letter and in spirit to the Democratic criticisms of the Whig law of 1842, and granted no special favors to the manufacturers with respect to their raw material. This, Mr. President, was the first clearly defined contest between the advocates and opponents of the free raw material doctrine; and although the advocates of it in that day did not dare to propose it in a form so favorable to the manufacturers as it is proposed in this day, our Democratic fathers voted against it with practical unanimity. With this record before me, may I not justly claim that those of us who oppose that doctrine are the true apostles of the Democratic gospel, and that those who advocate it are the apostates?

In those days, when the tariff question was discussed and decided as a principle, the advocates of free raw material were avowed protectionists and supported that policy as a means of aiding manufacturers, while the men who opposed free raw materials were the same men who opposed protection in every form. The Democrats in that day who voted for a low duty or for no duty on raw material were the same Democrats who voted for the Whig protection law of 1842, and against the Democratic revenue tariff law of 1846. Of the three Democratic votes which were cast in favor of the resolution instructing the committee to give the manufacturers raw materials not taxed at all, or lightly taxed, two of them had voted for the Whig law of 1842, and all of them voted against the Democratic law of 1846. The only Democrat who voted for that resolution who did not also vote for the Whig law of 1842 was the Hon. Simon Cameron, of Pennsylvania, and as he did not become a Senator until 1845, he was not here to vote on the act of 1842; but he succeeded a Democratic Senator who had voted for it, and he openly proclaimed his preference for it with all of its high protective duties, and voted against the Democratic tariff for revenue act of 1846, which repealed it. On the other hand, every Democrat who had opposed and voted against the Whig protection act of 1842, and who voted for the Democratic revenue tariff law of 1846, voted against giving that additional advantage to manufacturers. But, sir, by some strange confusion of thought a certain school of Democrats in these days have reversed the position of our fathers and they now insist that what our fathers denounced as protection is the only proper road to revenue reform.

Plainly, Mr. President, the doctrine of free raw material was not an article of our ancient Democratic creed. I do not contend that no Democrat in the time preceding the war ever favored it, for I know that even a Democratic Secretary of the Treasury once gave it his indorsement; but it never commanded any substantial support among the leaders or with the rank and file of that splendid Democracy which won so many victories and administered this Government with such consummate wisdom through so many years.

A MODERN DOCTRINE.

This doctrine is of recent origin. The most active and the most effective promotor of it was the Hon. Abram S. Hewitt, and his persistence more than any other agency secured its adoption by our party. I have here a letter written by him in 1897, which I once quoted in the House of Representatives, and I think it worth my while to lay it before the Senate now. The genesis of this doctrine is thus related by Mr. Hewitt:

I was the first person who brought before Congress and the Democratic party the policy of relieving raw material from duties of any kind; and in order that there might be no misapprehension, I defined "raw materials to be all material which had not been subjected to any process of manufacture," and then I included "all waste products fit only to be manufactured." It is also true that the leaders of the party in the House, Messrs. Morrison, Carlisle, Mills, and Tucker, did not at the time accept my views as representing the principles of the Democratic party.

Mr. Hewitt was not exactly right in saying that he was "the first person who brought before Congress and the Democratic party the policy of relieving raw material from duties." Others before him had suggested it, and among them, as I have already stated, a Democratic Secretary of the Treasury; but not one of them, and not all of them, had ever succeeded in securing a serious consideration for it at the hands of the Democratic party; and it is this circumstance which excuses Mr. Hewitt's error. So few Democrats had ever advocated such a policy before him that we may well pardon him for having said that he was the first to do so.

I have another very interesting contribution to the history of this question in my hand, which I think the Senate ought to hear. It is from an editorial written by the late W. C. P. Breckinridge, of Kentucky, one of the most accomplished and brilliant men of his generation, and one who advocated, toward the latter part of his life, this policy. He was a Member of the House when a Democratic Ways and Means Committee first embraced it by a bare majority, and he therefore speaks upon the question with a special knowledge, and as one having authority. This is a part of what he says:

The former Democratic policy, as notably carried out in the celebrated Walker tariff act of 1846, was to draft a revenue act solely for the purpose of producing revenue, and to accomplish this it was then held best to put imposts on all material which entered into manufactures which in their completed state had imposed upon it a duty. This principle was held by William R. Morrison, of Illinois, and the majority of the revenue reformers until the Forty-ninth Congress.

Here, Mr. President, we have the testimony of the distinguished gentleman who claims to have been its author, and the testimony of one of its ablest defenders, that this policy was never accepted by the Democratic party until 1886. It made its first appearance in what is known as the "second Morrison bill," and it was engrafted upon that measure by the vote of a gentleman who was not a member of the Ways and Means Committee of the House. The majority of that committee consisted of 8 Democrats, 4 of whom supported this doctrine, though they had at first opposed it, and 4 persisted in opposing it. Finding themselves equally divided, the Hon. John G. Carlisle, of Kentucky, then Speaker of the House of Representatives, was called into conference, and it was by his deciding vote that the doctrine of free raw material was incorporated into the Morrison bill. Thus, Mr. President, the Democratic party was first committed, so far as the action of its representatives in Congress could commit it, to the doctrine of free raw material; but notwithstanding the action of our Democratic Representatives in Congress, and notwithstanding the fact that Mr. Cleveland cordially approved that policy in his famous message of 1887, it was so at war with the convictions of the great masses of our party that those responsible for the congressional adoption of it could not secure a direct declaration in favor of it at our national convention of 1888.

The Republicans won the presidential election of 1888 and followed it with the enactment of the McKinley law in 1890. That measure carried protection to such an extreme that many who had formerly supported that policy were alienated from the Republican party, and when the Democratic national convention assembled in 1892, it coupled with its indictment against the McKinley bill the first authoritative declaration in favor of this policy of free raw material. It is true that we won the ensuing election, but we won it because the country disapproved the McKinley bill and not because it approved our new policy with respect to raw material. The great body of the Democratic party never accepted that policy as a correct expression of their views, and even a majority of our leaders did not believe either in its justice or in its wisdom. In fact, sir, the Wilson bill which became a law while that doctrine was one of our pledges to the people made but a lame and halting application of it. I will illustrate what I mean by a single item, and I select this particular item because of the prominence which recent events have given it. We have heard something said here, and we have read much which has been said elsewhere, about the Democratic Senators who voted a few days ago to levy a duty of 25 cents a ton on iron ore; and if we were to believe one-half of what has been spoken and written, we would be compelled to conclude that no such vote was ever before cast by Democratic Senators in the history of this Republic.

A PARTICULAR INSTANCE.

In view of these boisterous criticisms, the history which I am about to recite, will, perhaps, surprise some of these ready writers and fluent speakers. As it was reported to the Senate by a Democratic Finance Committee, the Wilson bill carried a duty of 40 cents per ton on iron ore, and no Democratic Senator felt called upon by the principles or promises of his party to make a motion to transfer that article to the free list. That motion was made, however, though not by a Democratic Senator. William A. Peffer at that time occupied a seat in this body as a Senator from Kansas, chosen by the Populist party of that State. He did not claim to be a Democrat or to advocate a tariff for revenue only. He had formerly been a Republican, and while a member of that party, I have no doubt, was a high protectionist; nor do I doubt that after he joined the Populist party he embraced its peculiar theories of taxation. At any rate, and without inquiring minutely into his views, it is enough for my purpose now to say that Senator Peffer moved to put iron ore on the free list and when they called the roll only four Senators supported his motion. Three of those four votes were cast by the Populist Senators, Allen, Kyle, and Peffer, while the fourth vote was cast by the Hon. David B. Hill, a Senator from New York, and it will be remembered that Senator Hill voted against the Wilson bill on its final passage.

Without desiring to make invidious distinctions among the great Democrats who voted on the question of free iron ore in 1894 exactly as I have voted on it in 1909, I will be permitted to name a few of them. Among them was Richard Coke, a Senator from Texas, and as true a Democrat as ever spoke for our great Commonwealth. Senator George, of Mississippi, was another, and there is no man in this day rash enough to impeach his wisdom or his fidelity. Voting with Coke and George was Isham G. Harris, of Tennessee, whose courage and Democracy were often severely tried and never once found wanting. With these stalwart Democrats of the South stood that no less stalwart Democrat from Indiana, the Hon. Daniel W. Voorhees. He was a Democrat not merely on dress-parade occasions, but wherever the battle raged the fiercest his tall form was always most conspicuous. Unawed by the savage passions of a civil war, he held steadfastly to the imperishable truths of Democracy and helped to preserve the organization of our party. There were many others worthy of such association, and I do not feel that I can ever go very far astray so long as I follow in the footsteps of such men.

If a Senator could be pardoned for referring in this high place to a criticism so contemptible as one which accuses him because he happened to vote with the Senator from Rhode Island [Mr. ALDRICH], I would call attention to the fact that Coke and George and Harris and Voorhees and their Democratic associates did not think it incumbent on them to vote against a duty on iron ore because the Senator from Rhode Island was voting for it. They did not fear to record their names with his, and I will never hesitate to do so whenever I think that he is right.

I said a moment ago, Mr. President, that I voted in 1909 just as those great Democrats voted in 1894, but that states the case a little too strongly against our position, for, while I voted to lay a duty of 25 cents per ton on iron ore, they voted to lay a duty of 40 cents per ton upon it. There were Democrats in 1894, like Vest and Mills, who ardently supported the doctrine of free raw material; and Senator Vest went so far as to declare that a large majority of the Democratic Senators at that time believed that iron ore ought to go on the free list; but, in replying to Senator Peffer, he asserted that the duty of 40 cents per ton for which he voted was defensible upon the ground that it was a revenue duty. If 40 cents per ton was a revenue duty in 1897, surely 25 cents per ton is not less so now.

DEMOCRATIC PARTY RESUMES DEMOCRATIC POSITION.

But, Mr. President, I leave this particular instance and return to the main question. When the Democratic convention of 1896 assembled, the delegates were practically a unit against this new and pernicious doctrine of free raw material and in favor of returning to the older and better policy of our party. Accordingly the platform which they made, instead of promising free trade in raw material to the manufacturers, declared in favor of a tariff which would operate equally throughout the country, without discriminating against any class or section. We sometimes hear men who are not familiar with the facts say that the Democratic convention of 1896 abandoned the party's general position upon the tariff question, but that is a grave mistake. The platform of 1896, like that of 1892, declared that tariff duties should be levied for revenue and should be limited to the necessities of the Government, administered with economy. They both denounced the McKinley law—the one denouncing its existence and the other denouncing the threat of its reenactment. The difference, and the only essential difference, between them was on this question of free raw material. The platform of 1892 promised the manufacturers that they should not be required to pay a tax on the raw material which they imported, while the platform of 1896 pledged us to treat all alike, and required us to levy a duty on the manufacturer's raw material precisely as we levy a duty on his finished products.

That is a rule of simple equality, which is only another way of saying that it is a rule of simple justice. If the tariff is a burden, then all men should bear it, according to a fair

proportion; if the tariff is a benefit, then all men should enjoy it without discrimination. We know that it is a burden to those who must buy the articles on which it has been levied, and we also know that it is a benefit to those who sell such articles. We therefore demand that it shall operate against the manufacturer when he buys his raw material, just as it operates in his favor when he sells his finished product. To be more specific, Mr. President, the Democratic party recognizes that we can not lay duties for purely revenue purposes without affording an incidental protection to those who produce and sell the articles on which we must lay such duties; but we seek to neutralize that effect, as far as possible, by laying a duty on many articles, so that we can make the duty on each that much lower. In this way we not only minimize the evil consequence of incidental protection by reducing it to the lowest point, but we also tend to equalize it by extending it to every class and section, thus enabling each man to secure on what he sells a part of what is exacted from him on what he buys.

And yet, sir, while we are thus striving to mitigate the evils of protection, honest but superficial thinkers charge that we are protectionists. Our system, both in purpose and in effect, is the reverse of protection, because we would not only make all tariff duties more equal, but we would also make them lower than our adversaries can ever hope to do under the system which they propose. If it constitutes me a protectionist to vote for a duty of 15 per cent on raw material, then my critic who votes for a duty of 30 per cent on the finished product can hardly claim to be a free trader. I do not vote for a duty on raw material in order to enable the man who produces it to obtain a higher price for it any more than I vote for a duty on finished products in order to enable the manufacturer to sell them for a higher price. I vote for a duty on both for the purpose of raising revenue to support the Government, and I believe that it is an indefensible discrimination to exempt the manufacturer from the taxes which he should pay while requiring the people who consume his goods to pay their own and his taxes also.

There is no principle of political economy or of sane legislation that will distinguish raw material from finished products for the purpose of taxation. Indeed, sir, there is no such thing as a raw material ready for the manufacturer's use. Wool, I grant you, is the raw material of the manufacturer, but it is the woolgrower's finished product. The farmer bestows his labor and employs his capital in the production of his wool. The land on which his sheep must graze is as much an investment to him as the factory is to the manufacturer; and the time spent in tending the flock, in shearing them, and in bringing the wool to a market place represents labor even more essentially than the processes which convert wool into cloth, because the one is wholly a labor of the hands, while the other is largely the work of a machine. Iron ore is raw material so long as it lies in the bosom of the earth; but when sturdy miners have brought it to the furnace, it is their finished product, though it is the ironmaster's raw material.

Will Democrats adopt protection's pretense and claim that the manufacturer should have his raw material free of tax so that he can employ more men and pay each man a higher wage? That, sir, is the only argument for such a policy that is worth the consideration of any thoughtful man, but it can never satisfy a Democrat of the old school. To it we must forever answer that the men who work on a farm, without a shelter from the summer's heat or the winter's cold, and the men who work a thousand feet beneath the surface of the earth, exposing their lives and health to unseen dangers, are as much entitled to be considered by this Congress as are their brothers who work in factories on shorter hours and at higher pay. If the law must make any difference, it should favor the farmer and the miner, whose toil is harder and whose compensation is less, for if they did not produce the raw material there could be no factories in which labor could cultivate its skill and earn its better wages.

The Democratic platform of 1896 was expressed in almost the very words which Robert J. Walker had used in his great report. His sixth rule for levying tariff duties was "that all the duties should be so imposed as to operate as equally as possible throughout the Union, discriminating neither for nor against any class or section," and the tariff plank of 1896 prescribes the same rule in almost the identical words. That platform also answers the rule announced by President Polk in his message to Congress on December 2, 1845. That rule was so well stated that Democrats can not recur to it too often, and I will read it:

> In levying a tariff of duties Congress exercises the taxing power, and for the purposes of revenue may select the objects of taxation. They may exempt certain articles altogether and permit their importation free of duty. On others they may impose low duties. In these classes should be embraced such articles of necessity as are in general use, and especially such as are consumed by the laborer and poor as well as by the wealthy citizen. Care should be taken that all the great interests of the country, including manufactures, agriculture, commerce, navigation, and the mechanical arts, should, as far as may be practicable, derive equal advantage from the incidental protection which a just system of revenue duties may afford. Taxation, direct or indirect, is a burden, and it should be so imposed as to operate as equally as may be on all classes in the proportion of their ability to bear it. To make the taxing power an actual benefit to one class necessarily increases the burden of the others beyond their proportion and would be manifestly unjust.

No clearer or more satisfactory definition of the Democratic party's attitude on the tariff question was ever written, and it contains no suggestion that the manufacturer's raw material should find a place on the free list. It does not even suggest that raw material should be included in the schedules which impose the lowest duties. The articles, and the only articles, according to James K. Polk, which should be exempted from all duty or subjected to the lowest duty are "such articles of necessity as are in general use, and especially such as are consumed by the laborer and poor as well as by the wealthy citizen." This, sir, is an ideal arrangement of the tariff, or at least it is the best arrangement which any man could make, because it approaches perfect justice as nearly as is possible under this system of indirect taxation. I believe as Robert J. Walker contended in his great report that a tax on property is the only absolutely just system of taxation, but as long as we must collect customs duties the rule laid down by Polk is the best ever laid down by any man, because under it men without property would be required to pay as little tax as possible and would be relieved from all taxation as rapidly as the revenue necessities of the Government will allow.

When we fortify our position and vindicate our democracy by declarations like this from the state papers of a Democratic President, we are told that the doctrine of James K. Polk is obsolete and that the world has grown wiser since his day. That the principles laid down by Polk are as vital to-day as they were in 1845, I think I will abundantly establish before I resume my seat; but it is enough for me to say at this point that they were received in those days of triumph and power as a correct exposition of democracy. If they were Democratic then, they are Democratic now. The principles of democracy do not change. They are as everlasting as God's stars and as immutable as His justice. Men who profess them may change, but they do not. They are the same to-day as they were yesterday and as they will be to-morrow. I believe in them as the Christian believes in his religion, and I will not yield them at the behest of any living man.

THE PURPOSE WAS UNDERSTOOD.

That the distinct purpose of the national Democratic convention was to repudiate the doctrine of free raw material was well understood in every State, but it was understood nowhere better than it was in Texas. Indeed, sir, the Democratic party of Texas had anticipated the Democratic party of the Union. Our state convention met something like two weeks before the national convention assembled, and we incorporated into the platform which we then adopted this declaration:

> We believe that the present tariff law, which lets into the country raw material free of duty and levies heavy duties on manufactured products, thus subjecting our agricultural and pastoral classes to competition with the world, while it enables the rich manufacturers by means of combinations and trusts to extort their own prices for their own goods from the people, violates the Federal Constitution as well as the fundamental principles of the Democratic party.

That declaration was not adopted without a protest; but it was adopted by an overwhelming majority, and it became the basis of the subsequent declaration made in the platform of our national convention. The leaders of the Democratic party in our State everywhere proclaimed that the one was an equivalent expression for the other. They were so construed by my colleague in his first address to the people of Texas, announcing himself as a candidate for the Senate. After a brief discussion of the general tariff question, he applied himself to this particular phase of it, and this is what he said:

> Thus limited and apportioned, such duties, in the language of the national platform of 1896, should be "so adjusted as to operate equally throughout the country, and not to discriminate between class or section." This obviously refers to the tariff upon products of different classes and sections, and the following more explicit statement from the Democratic state platform, adopted at Austin June 24, 1896, expresses my view of the case stated: "We believe that the present tariff law, which lets into the country raw materials free of duty and levies heavy duties on manufactured products, thus subjecting our agricultural and pastoral classes to competition with the world, while it enables the rich manufacturers, by means of combinations and trusts, to extort their own prices for their product from the people, violates the Federal Constitution as well as the fundamental principles of the Democratic party, that tariff duty shall be levied and collected for the purpose of revenue only."

To show that I entertained then the same opinion on this question which I am expressing now, and also to emphasize the fact that the issue was a second time made and settled in Texas, I desire to read a statement which I gave to the press in support of my colleague's position. Before reading this statement,

however, I ought to explain that the Hon. Roger Q. Mills, then a Senator from Texas and a candidate to succeed himself, in announcing his candidacy for reelection, indicated his adherence to this doctrine of free raw material, and I immediately gave to the Texas newspapers this interview:

Senator Mills's letter announcing his candidacy for reelection to the Senate very distinctly raises the free raw material issue, and as I consider his position on that question at variance with all the principles of the Democratic party, I shall take an active part in the canvass and support Governor CULBERSON. Of course, Senator Mills will not be permitted to subordinate the financial question to the tariff question, but I am perfectly sure that Governor CULBERSON will be more than ready to meet him on an issue which, plainly stated, is neither more nor less than a proposition to take the tax off everything which the manufacturers buy and leave the tax on everything which the manufacturers sell. The opposition of the real Democrats of this country to that policy is not due, as has been so frequently asserted, to any sympathy with the doctrine of protection, either incidental or direct, but is due entirely to a belief that the manufacturers ought to be compelled to contribute their share toward the expenses of the Government the same as the people who must buy and consume their goods.

Of course, this was not the only question involved in that campaign for the Senate; but I am well within the fact when I say that it was the paramount one, and so universally was my colleague's position on it approved by the people of Texas that Senator Mills withdrew from the contest before it had been fairly inaugurated.

When the Dingley tariff bill passed the House of Representatives, I had the honor to be a Member of that body, and I delivered a somewhat extended address against that measure, a large part of which I devoted to this very question. If any Senator, or if any other person interested in the subject, thinks it worth his while to consider what I then said, it can be found in the CONGRESSIONAL RECORD of July 19, 1897. A distinguished Member of the House interrupted me while I was speaking and charged that I had voted in the Ways and Means Committee against his motion to substitute the woolen schedule of the Wilson bill for the woolen schedule of the Dingley bill. I very frankly told the House that I had done so, and declared, amidst cries of Democratic approval, that I would do so again. At a meeting of the Ways and Means Committee I had moved to reduce every duty in the woolen schedule 33⅓ per cent, including the duty on wool as well as the duty on woolen goods. When my motion was voted down, another Democratic member of the committee moved to substitute the woolen schedule of the Wilson bill for the woolen schedule of the Dingley bill. We were thus brought face to face with the question of free wool and taxed woolen goods, and I did not hesitate to condemn that monstrous doctrine with my vote. To make this matter plain and to show that the Democratic Members who heard the colloquy understood it, I will read from the CONGRESSIONAL RECORD of July 17, 1897, this brief extract:

Mr. MCMILLIN. What excuse have you to give to this House for voting against striking out the wool and woolen schedule of this infernal bill and incorporating the wool and woolen schedule of the Wilson bill?

Mr. BAILEY. I offered an amendment to reduce the duty on both wool and woolen goods 33⅓ per cent.

Mr. MCMILLIN. Your amendment failed, and then you proposed to take the high rates which this bill carries rather than the low rates of the Wilson bill?

Mr. BAILEY. Yes, sir. And we may just as well understand each other right now. Never as long as I am in Congress will I vote to give the woolen manufacturer a 50 per cent duty on his woolen goods and charge him nothing upon his wool. [Prolonged applause.]

Several MEMBERS. That is right.

But, sir, my attitude on this question was a third time submitted to the people of Texas and approved by them, when I became a candidate myself for the Senate in 1900, for one of the issues between me and my opponent was over this very question. I canvassed the State, everywhere denouncing this fallacy, and declaring that never, with my consent, should the tax be taken from the manufacturer's raw material until the revenue necessities of the Government would permit us also to take it from his finished products; and in resisting this unjust and un-Democratic doctrine I am not only keeping the commandments of my party, in both State and Nation, but I am redeeming the pledge which I made to my constituents when they first commissioned me to represent them in this great assembly.

UNJUST AND UNEQUAL.

Mr. President, not only is this theory un-Democratic, but it is unequal and unjust. Subjected to every test, the proposition to exempt our manufacturers from the payment of a moderate duty on their raw materials is utterly indefensible. What does it mean? It means, sir, that one class of our people shall be permitted to import what they use free of tax, while all other classes must pay for that permission; or that one class is to enjoy a valuable privilege which is denied to all other classes. I can not believe in the justice of a law which permits a shoemaker to export his shoes, exchange them for hides, and bring those hides through a custom-house without paying a duty on them, and yet compels the butcher who exports his hides and exchanges them for shoes to pay for the privilege of bringing his shoes through that same custom-house. It is as much the butcher's right to exchange his hides for shoes as it is the manufacturer's right to exchange his shoes for hides; and both of them should pay a duty or neither of them should do so. I shall never consent to discriminate between the products of the factory and the products of the farm in such a manner without some more "imperative reason" than any man has yet been able to give.

But, sir, this discrimination is not the only, and it is not even the worst, injustice of such a law. It would be bad enough if it only relieved the manufacturer of the taxes which he ought to pay, but what shall we say of it when we know that it transfers to other classes the taxes from which it has relieved the manufacturer? It more than violates that ancient Democratic rule which admonishes us against granting special privileges, because it not only confers a bounty on the manufacturers, but it imposes an unequal burden on all other classes. I cherish no prejudice against manufacturers and I rejoice in their prosperity as I rejoice in the prosperity of every man and of every class, but I am not willing to increase their fortunes by reducing the burden which they ought to bear in common with their fellow-citizens. Whenever it is within our power to relieve any class of our people from taxation, I shall insist upon first relieving those whose struggle is the sharpest and whose comforts are purchased with less of ease than manufacturers procure their luxuries. I will be glad to enlarge the free list whenever the Government can dispense with the revenue, but the last to whom I will extend the benefits of free trade will be the manufacturers who are always pleading for protection.

Of course it is not necessary for me to detain the Senate in demonstrating that when we take the tariff from raw materials we must increase the tariff on other articles; but as I am speaking for the benefit of those outside of this Chamber, who are not presumed to have a special knowledge of this subject, I feel warranted in taking the time to make that fact so plain that every man of fair intelligence can understand it. The Ways and Means Committee of the House and the Finance Committee of the Senate, in arranging each and all of the rates in this bill, were compelled to keep in mind the revenue necessities of the Government, and each schedule was drafted so that it would contribute a given amount toward the total sum required. With this given amount to be collected under each schedule, it is perfectly obvious that whenever a reduction is made in the collections on a particular article it must be compensated by increasing the collection on some other article or on all other articles included in that schedule. Let us take the wool and woolen schedule to illustrate what I mean. It is estimated that a revenue of $36,000,000 will be collected under that schedule; and of this amount twenty-four millions are to be collected on woolen goods and twelve millions on wool.

It requires no argument to prove that if we should place wool on the free list, and thus remit the $12,000,000 collected from its importation, it would become necessary for us to increase the collections on woolen goods to the full extent of that $12,000,000 in order to make that schedule raise the revenue apportioned to it. And so it would happen that by placing wool on the free list, we would not only release the woolen manufacturers from the payment of $12,000,000 to the Government, but we would be compelled to make the people who buy woolen goods supply the deficiency thus created. It is this fundamental principle in tariff legislation which the advocates of free raw material overlook, or fail to understand. They act and talk as if every time we transfer an article to the free list we relieve the people of taxation to that extent; but that is not true, even in a partial or qualified sense. The exact truth is that when we take an article from the dutiable list and place it on the free list, we simply lift the tax from those who use the article made free and lay it on those who use other articles which must pay a duty; and in the end it amounts simply to a transfer, and not to a reduction, of taxes.

If Congress would reduce the public expenditures every time we exempt an article from duty, then the free list would signify a real reduction in taxes, and our only difficulty would be in selecting the class best entitled to the relief; but as long as we regulate the collection of taxes by the expenditures of the Government, as is now our practice, instead of regulating the expenditures of the Government by the collection of taxes, as our fathers did, when we transfer an article from the dutiable list to the free list we merely relieve one class of taxpayers by increasing the burden of others.

Nor does this palpable injustice end there, as I can prove by returning for a moment to the woolen schedule. In order that the woolen schedule may still raise the $36,000,000 apportioned to it, notwithstanding the loss of the $12,000,000 incurred by

placing wool on the free list, it would be necessary to increase the duty on woolen goods, which would lead inevitably to an increase of the manufacturer's protection; and the net result of that transaction would be that the manufacturer would buy his raw material for less and sell his finished product for more, thus realizing a double profit, while the people would be compelled to pay more taxes to the Government and higher prices for their woolen clothes, thus suffering a double loss.

I do not overlook the fact that a necessity for raising more revenue does not always require an increase in the rate of duty. I perfectly understand that in the case of a prohibitory duty, or a duty which approaches the point of prohibition, a decrease in the rate will generally produce an increase in the revenue; and it might easily happen under a Republican tariff bill that an increase in the revenue would follow a decrease in the rate of duty. This, however, can never happen under a Democratic law, and as I am considering this question purely as a Democratic doctrine, of course, we must judge it by the results which would occur under a Democratic law. No real Democrat would ever consent to a prohibitory duty, and even in the case of luxuries we would never advance the rate beyond the maximum revenue-producing point. Our theory is that except the necessaries of life, which so far as practicable ought to be on the free list, and the luxuries, which should be subject to the highest duty which will raise the greatest amount of revenue, all articles between these two extremes should be subject to the lowest duty which will raise sufficient money to support the Government. Mark you, not the *lowest* rate that will raise the *greatest amount of money*, as is often said; but the lowest rate that will raise *sufficient money*, and that rate is always, with rare exceptions, below the maximum revenue-producing point. It must, therefore, happen under a law whose duties are adjusted according to the principles which I have just stated, that whenever we reduce one rate, or repeal it altogether, we must of necessity increase other rates in order to obtain our revenue.

WHY EXEMPT RAW MATERIAL.

What reason can the advocates of this policy advance in justification of it? Some of them give us one and some of them give another, but none of them can ever give us a sufficient reason. Some of them tell us that if we will remove the tax from the manufacturer's raw material he can make his goods at a lower cost, and thus be able to sell them at a lower price. I have two answers to that proposition. The first answer is, that we have no right to exempt the manufacturer from his fair share of taxes in order to diminish the cost of producing his goods, even if we knew that he would sell them at a lower price; and the second answer is, that the manufacturer does not regulate the price of his goods according to the cost of production, but fixes it at the highest point he can without exposing himself to foreign competition.

I have no doubt that with untaxed raw material the manufacturer can produce his goods for less, and could, therefore, sell them for less; but this is as true of every other business man as it is of the manufacturer, and men of every occupation have the same right to demand relief from taxation on that ground. If every State and county would relieve all agricultural and grazing lands from taxation the American farmer could undoubtedly produce cotton, corn, wheat, cattle, and hogs at a lower cost, and could, therefore, afford to sell them at a lower price; but I have never heard it proposed here or elsewhere that we should exempt all lands and live stock from taxation in order that the people might buy cheaper bread and meat. No such proposition has ever been made, and no such proposition ever will be made, because it would involve such a diminution of the public revenue that nobody would even suggest it. And yet, sir, I can see no reason for relieving the manufacturer from certain taxes in order that he may produce and sell his goods for less that will not apply with equal or with greater force to the farmer. The fact that the loss of revenue would be greater in the one case than in the other does not alter the principle.

If we are to exempt the manufacturer who makes the goods, why shall we not exempt the merchant who sells them? It is an insult to tell an honest merchant, struggling to preserve his credit and his name, that he must pay a tariff duty on every dollar's worth of imported goods upon his shelf, and also pay a bounty to the manufacturer on the goods which have not been imported, and yet tell him that he must vote to repeal the tariff on raw material in order that the manufacturer can reduce the cost of producing his goods so that he can reduce the price at which he sells them. Such an argument will not convince the merchant; and if he possesses intelligence enough to exercise the rights of an American citizen, he will answer the advocates of free raw material by saying that if the Government will relieve him of his taxes so as to reduce the cost of conducting his business, he will reduce the cost of his goods when he sells them to his customers. I am opposed to relieving either the merchant or the manufacturer from taxation, but if either is to be relieved in the hope of reducing the cost of living in this country, I prefer to relieve the merchant, because he is closer to the consumer and therefore more apt to divide with him the benefit of his exemption. I do not remember a time when our adversaries have not justified a special privilege to some particular class upon the ground that at last it would be distributed through this particular class to all other classes; but this is the first time I have ever known men professing to be Democrats to give any sanction to such a plea. The proposition to filter a benefit through a special class to the general public is repugnant to every principle of genuine democracy and violates every conception of American equality. A benefit that can not be extended directly to all the people will never be enjoyed by all the people, and so long as the law confides it to a class as a sort of trustee for the public, that class will absorb the most of it and give the public but little of it.

But, Mr. President, even if we had a moral right to exempt the manufacturer from taxes in order that he might exempt his customer from excessive charges, the plan proposed would not accomplish the object which its supporters have in mind; or, at least, it would not accomplish that object if the Democratic party has been right on this tariff question. We have always claimed—and I believe that we are right in claiming—that no matter how much or how little it may cost the manufacturer to produce his goods, he will charge the American people as much for them as he can without subjecting himself to foreign competition. We have always insisted that the tariff, and not the cost of production, is the standard according to which the price of manufactured goods is fixed. Every Democrat in both Houses of Congress who has spoken on this question during this long debate has predicated his opposition to the pending bill upon the ground that its high duties are levied for the purpose of excluding foreign manufactures from our markets, and thus enabling the domestic manufacturer to obtain unfair and unconscionable prices for his goods. We have repeatedly and explicitly contended that the manufacturers are not content to reimburse themselves for the cost of producing their goods, with a fair profit added, but that, protected against foreign competition by high tariff duties, they will prey upon the American consumer without conscience and without remorse. I have not, myself, spoken these things without believing them, and I refuse to reverse my opinion unless some better reason can be given for doing so than I have yet heard or read. Having always taught that the manufacturer looks to his immunity from competition, and not to the cost of production in fixing the price of his goods, I will not now stultify myself by making a conflicting argument with respect to raw material. If it be true that the cost of production, and not the tariff, regulates the price of manufactured commodities, then we have been wrong in charging that the tariff enables all manufacturers to practice extortion against the people; and the Republicans have been right in claiming that these high duties do no more than to insure the manufacturer a fair profit on his business.

This same argument is sometimes stated in a slightly different form, and we are told that if we charge the manufacturer a tax on his raw material he will charge it back to those who purchase his finished product. Everything that I have just said in reply to the same argument stated in the other form is applicable to this, but out of an abundant caution, and even at the risk of being a little tedious, I will ask the Senate to hear me while I briefly expose this fallacy. Here again I answer that the manufacturer will add, according to the Democratic theory, all that the tariff will permit to the price of his goods without the slightest regard to the cost of production; and, therefore, his price would be exactly the same whether he pays a duty on his raw material or not. That answer is sufficient for me and it will be sufficient for every other man who believes what the Democrats say about the effect which a tariff duty exerts over the price of every article on which it is levied; but, sir, that is not the only answer. If the manufacturer ought to be relieved from his taxes upon the ground that he will collect it back from the people who buy his goods, then everybody else ought to be relieved from taxes for that same reason. That argument would relieve every railroad in America from all taxation, because the taxes which they pay are a part of their operating expenses, and the courts have more than once decided that they are entitled to charge passenger and freight rates sufficient to cover all expenses, including taxes of every kind, plus a fair return on their investment. When the merchant comes to price his goods he includes his taxes with all other items of expense, and calculates on receiving enough when he sells them to repay their original cost, together with the full expense of conducting his business, including his taxes, and a fair interest on his capital. I marvel that any man is so simple-minded as to think that

the manufacturer ought not to be required to pay a tax because he adds it to the price of his goods, for the most superficial examination of that question will satisfy any student that the same argument can be made in behalf of every taxpayer in America, save and except the American farmer, and the reason he can not always add his taxes is that he is compelled to vend his products in the open markets of the world where competition alone determines the price which he receives.

There are other Democratic advocates of this doctrine who say that we have reached a point in our industrial development where it has become necessary for us to find a market elsewhere for our surplus goods, and they tell us that by removing the tariff on raw material we will so far cheapen the cost of production that our manufacturers can successfully compete in foreign markets. The answer to that argument, if it can be called an argument, has always seemed so plain to me that I have been surprised that intelligent men would urge it. In fact, the answer is so plain that I have more than once reexamined it to see whether or not I had not overlooked some element of it; but the more I have examined it, the more thoroughly I have been convinced that I understood it from the first, and that it is even less tenable than the other argument. Let us analyze it for a moment and see how long it will stand the scrutiny of common sense. Let us admit that with his raw material free of tax the manufacturer can produce his goods so cheaply that he can send them into the open markets of the world and successfully compete with the manufacturers of every land. My answer to that is simply this: That whenever American manufacturers with raw materials free from duty can make their goods so cheaply that, after paying ocean freights and insurance on them, they compete successfully with foreign manufacturers in the markets of the world, then, sir, they can successfully compete in our own markets against foreign goods, which have paid ocean freights and insurance. In other words, whenever our manufacturers can pay ocean freights and insurance and sell their goods in other countries at a profit, surely they can sustain themselves at home against competitors who have paid ocean freights and insurance in bringing their goods to this country. This being true, I will gladly help the manufacturers repeal the duty on their raw materials whenever they will help me repeal the duty on their finished products.

If this were merely a contest between the men who produce and the men who manufacture raw material, I would stand resolutely for the equal taxation of both, and I would insist that the manufacturer has no right to buy farm products free from duty and then collect a duty on them in the manufactured state, thus enabling him to collect from those to whom he sells his goods a tax which he had never paid to the Government. To make it certain that I do not leave my position obscure, let us resort to an illustration. The woolen manufacturer under this bill will enjoy an average duty of nearly 60 per cent on the value of his finished product. Now, sir, the value of that finished product represents the price of the raw material, the labor cost, and a return on the capital invested in his business, which means that the manufacturer has the power to collect 60 per cent on the value of that wool when made into cloth, although he would not, if wool were free, pay one cent of tax on it when he bought it.

But, Mr. President, there is another and a larger aspect of this case, and it concerns millions who neither produce the raw material nor manufacture it. These are the consumers, who are forgotten too often in our deliberations. Those consumers would be greatly benefited if every thing they buy could be placed on the free list; but, of course, the necessities of the Government will never permit Congress to go that far, and the most that we can hope to do is to emancipate the commonest necessities of life from tariff taxation. The Government must have so much money, and there are certain commodities from which it must be collected. Fortunately, all that is needed can be raised without taxing every article, and, therefore, we are able to put many articles on the free list. Bearing in mind, however, that it is impossible to put all articles there, we must understand that whenever we exempt some articles from a tax we render it all the more difficult or impossible to exempt or even to reduce the duty on the others. Every man of sense knows that we could not collect enough to support the Government if we were to exempt from tariff duties all the necessities of life and every raw material of the manufacturer. Some of them may be free, all of them can not possibly be so, and every time we transfer a raw material to the free list we are compelled to keep some necessary of life on the dutiable list. Regarded in this way, sir, this whole matter resolves itself into a struggle between the necessities of life and the manufacturers' raw material for a place on the free list; and in that struggle I do not hesitate to espouse that policy which would exempt what poor men must buy for the sake of decency and comfort, as against the things which rich men buy merely for the sake of the profit which they can make out of them.

Mr. President, I do not myself think it necessary to dwell longer upon this subject, but in deference to my friends who think I ought to do so, I will endeavor to further demonstrate the unsoundness of this free raw-material doctrine by showing that it will not, even in particular cases, produce the result at which its supporters aim. Naturally and properly, if I am to deal with particular cases, I prefer to deal with those which have recently become the subject of an active controversy, and I will consider them according to the order in which they have been presented to the Senate.

FREE IRON ORE.

The first motion involving this direct question was the one transferring iron ore to the free list. That motion was supported by Senators, respectable in number as well as in character and ability; but none of those who voted for it have up to this hour contended that, on principle or as a general rule, the manufacturer's raw material ought to be exempted from tariff duties, and they made an exception in that particular case to meet what they consider an exceptional condition. It will be observed, however, that their argument in favor of free iron ore confirms and supports my general objection to free raw material, because it is based on the proposition that to place iron ore on the free list would confer a favor on the independent steel companies, and thus strengthen them in their contest against the steel trust. This purpose appeals to me as strongly as it does to any Senator in this Chamber, and, notwithstanding my aversion to the use of the taxing power for any except a revenue purpose, I might attempt to remedy this special evil by this special treatment if I could be satisfied that the means are adapted to the end.

But, sir, can this evil be reached and corrected in the manner proposed? I do not think it can, but before pronouncing a final judgment let us analyze the case until we thoroughly understand it. The belief that free ore will help the independent steel corporations and hurt the steel trust is based upon the fact that the independent companies are compelled to buy their ore, while the steel trust owns an enormous quantity of iron lands and produces its own ore. There is a very wide difference of opinion as to the extent of the iron lands which the steel trust owns. Several Senators in the course of this debate have stated it as high as 80 per cent of the known supply, while others who are well informed declare that it is less than 25 per cent; and this latter estimate is supported by the letters from independent steel manufacturers which the Senator from Kentucky [Mr. PAYNTER] submitted to the Senate a few days ago, and also by the statement of the Senator from North Carolina [Mr. SIMMONS], which I will print as an appendix to what I am now saying. But whether the first statement or the last one is correct is not a matter of any importance in deciding this immediate question. Of course, I do not mean to say that it is not vastly important in other respects for us to consider how far the steel trust has monopolized our iron lands, and I have gone far enough into that question to satisfy myself that they own more than is consistent with the highest welfare of this country. Indeed, I am so thoroughly persuaded that their holdings are contrary to the law and to the public good that if I were the Attorney-General of the United States I would institute a suit to dissolve that corporation upon the ground that it is a monopoly, and I would call its officers to answer in the criminal courts for their misconduct. But all of this is aside from the question which we are now considering. The question at this moment is whether we can curb or tend to curb the rapacity of the steel trust by placing iron ore on the free list. That we can not accomplish that result is perfectly clear to my mind, and my conclusion has been reached by a process of reasoning so simple and direct that I can not conceive how any thoughtful man can escape it.

I do not believe that any tariff duty can materially affect a commodity in the hands of a corporation which has already bought it and which does not intend to sell it. I understand, of course, that the tariff can seriously affect the price of any commodity—whether a raw material or a finished product—which is to be bought or to be sold; but it is as plain to me as the alphabet that the manufacturer who has bought and paid for his raw material can neither be helped nor hurt by any adjustment of the tariff upon it. Two exceptions to that rule might occur under extraordinary circumstances. If Congress could pass a law that would make it more profitable for the steel trust to sell its iron ore than to manufacture it, of course, that corporation would be aided by our legislation; or if Congress could pass a law that would enable the steel trust to buy iron ore for less than it could produce it from its own lands, the steel trust would undoubtedly close its mines and buy its iron ore. And they would be all the more certain to pursue that policy if it be true that they practically control the iron-ore supply of the

United States, for they would not only make an immediate saving by buying their raw material cheaper than they could produce it, but they would help in that way to complete their monopoly by exhausting the other sources of supply, thus serving a double purpose.

But both the sale of the raw material which the steel trust owns and the purchase of raw material from others are so remote that they need not be taken into account, and we must legislate with respect to the conditions as they exist and as they are practically certain to continue. We may safely assume that iron ore will never become so cheap that it will pay the steel trust to buy it rather than to take it from their own mines, and we may assume with equal safety that iron ore will never command a price which will tempt the steel trust to sell it instead of using it. We must therefore decide this question upon the theory that the steel trust will neither sell ore to others nor buy ore from others, and that it will keep its entire supply and manufacture it into steel products of various kinds. That being true, it must be a matter of absolute indifference to that corporation whether Congress levies a duty on iron ore or places it on the free list; for whether iron ore be cheap or high, the steel trust will neither buy nor sell it, and a given quantity of it can be converted into precisely the same number of steel rails, whether it is worth $1 a ton or $3 a ton. The raw-material end of that transaction is, as it were, a closed chapter, and the only thing which concerns the profits or the prosperity of the steel trust is the price for which it can sell what it makes out of its iron ore.

Every man of ordinary sense perfectly understands that in his own affairs, after he has bought and paid for an article which he intends to consume and not to sell, it can not possibly affect him one way or the other whether that article rises or falls in price; because a high price does not make it go further in the economy of his home, nor will a lower price reduce the uses of it. What is true with every man, and in respect to every article, must be true with respect to iron ore and the steel trust. Let me restate my proposition, and then I am through with this aspect of it. If the steel trust sold iron ore, a duty on it would increase its price and help that corporation; if the steel trust bought iron ore, a duty on it would increase its price and injure that corporation; but as the steel trust neither buys nor sells iron ore, a duty on it can not in any way affect that corporation.

WILL NOT BENEFIT THE PEOPLE.

I will now examine that branch of the argument which claims that free iron ore will operate as an indirect injury to the steel trust by helping the independent steel corporations. It is perfectly clear to my mind that a remission of the duty on iron ore will save to the independent steel companies the full amount which they pay to the Government in duties on imported ore, and will also save them something on the price of the domestic ore which they purchase; but it is equally clear to my mind that we can neither hurt the steel trust nor help the American people by increasing the profits of the independent steel companies. As between the steel trust and the independent companies, my sympathy is with the latter; but I do not feel at liberty to employ the agency of this Government to help one group of millionaires in a contest with another group of millionaires, unless I can secure some concession to American consumers by doing so.

I have been told that by conferring this special favor on the independent steel companies we will stimulate their competition against the steel trust, and thus secure a substantial benefit to our constituents. That argument requires us to give certain corporations a privilege to which they are not entitled, in order that the American people may enjoy a right to which they are entitled. But waiving, for the moment, this question of principle, and assuming that we would be justified in exempting those corporations from their taxes in order that the people may enjoy the benefit of their competition against the steel trust, we have a right to know before consenting to such an arrangement that we are certain to obtain the advantage for which we are asked to pay such a price. Mr. President, every Senator in this Chamber, and every intelligent man in this country, knows that there is only a semblance of competition between the steel trust and these so-called "independent companies." My information is that their price lists read like copies of each other, and this fact has led to the open charge that there is an agreement between them.

Indeed, Mr. Carnegie and Mr. Schwab, who know more about the steel industry of this country than any other two men of this or of any other generation, have both admitted that there is no real competition. The Senator from South Carolina [Mr. TILLMAN] several days ago laid before the Senate the statement of Mr. Carnegie, and the Senator from Michigan [Mr. SMITH] has just called my attention to the testimony of Mr. Schwab to the same effect.

In testifying before the Ways and Means Committee of the House Mr. Schwab made this statement:

> I am going to give you the exact reasons. Then we got together as manufacturers and restored the price of rails, that being one branch of their manufacture, to $28. Now, there has been no manufacturer selling rails that would dare to change that price for fear of another steel-rail war. This is true of every line of which I spoke that we had the same arrangements about.

I think, taken in connection with all he said, Mr. Schwab did not mean to admit that the steel companies had entered into this contract in restraint of trade in such a manner as would constitute a violation of the antitrust law. In fact, sir, under existing conditions, a specific agreement contrary to law is not necessary to prevent a real competition, and that is the unspeakable course of having one corporation so colossal that all others are compelled to obey its will and follow its lead, whether it goes in the right or in the wrong direction. A $10,000,000 corporation can defend itself against another $10,000,000 corporation, and where it feels itself in the right it will not shrink from a contest with even a $20,000,000 corporation; but no matter how upright and how straightforward the managers of a $10,000,000 corporation may be, and no matter how anxious they are to obey the laws of their country, they understand that a conflict with a billion dollar rival means their complete and utter annihilation. This fear is so deeply impressed on the minds of all these independent steel companies that they dare not undersell the steel trust and they are compelled to adopt and charge its prices. While some of the interested parties make different explanations of it, none of them deny that the people pay substantially the same price whether they buy from the independent steel companies or from the steel trust. Whether this fact is explained upon the ground that these small companies dare not provoke a price war with the steel trust, because they know that in such a contest they would be driven from our market places and their business destroyed; or whether it is in pursuance of agreement—and I have stated both explanations without adopting either—the fact remains that the independent steel companies do not compete against the steel trust for the patronage of the American people, and therefore we would not have obtained the competition which we sought even if we had remitted the taxes which those rich and powerful corporations ought to pay. These companies seem small when compared with the billion-dollar steel trust, but only a few years ago they would have been regarded as commercial outlaws themselves; and why shall I vote money out of the Public Treasury to increase their profits, when it is admitted that they do not compete against the steel trust, but share in the extortions which it practices on the American people.

To construe the Democratic demand that trust-controlled articles shall be placed on the free list as requiring us to exempt raw materials from duty is to make our party ridiculous in the eyes of all intelligent men. Such a law will neither hurt the trusts nor help the people, because it will not increase the manufacturer's cost of production or reduce the price of his finished product. So far as the Democratic party can deal with the trust question through tariff legislation it would remove tariff duties from the finished products, because that will reduce their price, thus hurting the trusts and helping the people at the same time. As every Senator knows, I hold tenaciously to the opinion that the only way to destroy the trusts now in existence and to prevent the formation of others is to send the men who organize and operate them to the penitentiary, and I am confident that the next few years will bring all men to concur in my opinion. But while I am waiting for that time to come, and ignoring the embarrassment which will arise from the loss of revenue, I am ready to put the finished product of every trust in America on the free list; but I utterly refuse to insult the intelligence of my countrymen by asking them to believe that I can help the people by levying a duty on what they buy from the trusts or that I can hurt the trusts by removing the duty on what they buy from the people.

FREE LUMBER.

Again, Mr. President, a majority of the Democrats in the Senate voted against the motion transferring lumber to the free list, and we have been assailed with much declamation upon our refusal to give the people free homes. I have no doubt that a large majority of the men who have joined in this clamor honestly believe what they say; but while I thus pay tribute to their sincerity, I can not be so generous in conceding their intelligence. Those who complain most bitterly seem to proceed on the assumption that lumber is only used for the purpose of building homes. They seem to forget that

the railroads and other great corporations buy and use more lumber every year than all the cottage builders in the land, and that free lumber would be as much a benefaction to them as it would be to the home builders. They also forget that the very poor people are not the ones who buy lumber to build homes, for they are not able to do so. For that reason it is a monstrous piece of nonsense for us to say that we would have acted justly and wisely in removing the tax from those who are able to build houses, while leaving a tax on the food and clothing of the people who are too poor to enjoy the inestimable blessing of their own home. I will be glad to give all the people who use lumber, both rich and poor—though the very poor do not buy it—the benefit of free trade in lumber whenever it is possible for me to do so; but I will never consent to do that until I have first removed the tax from those things which the poorest man in America is compelled to use, nor until I have taken the tax from every tool and implement with which the mechanic and the farmer must make their living. But even if lumber were only used for building homes, you could not ask those of us who believe in equal taxation to vote for free lumber unless we could at the same time place everything which enters into the construction of a home on the free list. The hypocrisy, or, perhaps, it would be better to say the lack of information, on the part of those who complain at our vote against free lumber and declare that we are opposed to free homes is manifest when we remember that the motion of the Senator from Alabama [Mr. JOHNSTON] to put lumber, together with every other article required in building a home, on the free list was rejected by an overwhelming majority, thus making it plain that in this Congress at least the only part of a home which even a fraction of the majority were willing to make free was that part of it which comes from the forest. How could I answer to my judgment and my conscience as a Democrat for voting to put lumber on the free list while glass, hardware, cement, paint, and every other necessary material are subject to a duty of more than 30 per cent? The present duty on rough lumber is less than 12 per cent, and will you ask me to repeal even that moderate tax, while I have no earthly hope of repealing the duty of more than 75 per cent on window glass which goes into that same home?

The cost of lumber in an average home is between 20 and 25 per cent of the whole. It is much more in some buildings and it is much less in others. In a home that would cost $2,000, the lumber bill would be about $500, and the duty would be less than $60. I would be glad to remit that $60 to the home builder, and I will cheerfully do so whenever I can at the same time repeal the duty on the window glass, nails, locks, mortar, and every other article needed in that construction; and when that time comes, I shall go one step farther and ask to take the tax from the carpenter's tools with which the house is built. It is not just and fair to take the tax off a man who is able to build a $10,000 home until you have first taken the tax from the tools of the mechanic who is compelled to build that home in order to make a living for his wife and children.

Mr. President, for whose benefit are we asked to put lumber on the free list? The time may come when other sections will be benefited by it, but at present, and during the life of this tariff law, the only people who would derive any advantage from the removal of the lumber duty would be those who live along the Canadian border. And what right have they to ask of us that we give them the advantage of free trade in this particular article? Do they not demand a protective tariff upon the meat and the breadstuffs which they produce? Do they not vote for these high duties on manufactured articles? With the single exception of lumber, which they do not produce and which they must buy, they are extreme protectionists, and they favor no free trade except where they themselves can enjoy the benefit of it. I am actuated by no narrow prejudice and my mind is free from every taint of sectional animosity; but, sir, I shall never consent to give free trade to a people who impose protection on everybody else. I shall resolutely stand here and insist that those who apply protection to others shall not be suffered to escape it themselves.

But, Mr. President, if we were to repeal the duty on lumber and admit it without the payment of any tax, even the people who live along the Canadian border would obtain but a small part of the benefit which they expect. Some time ago and when this agitation for free lumber first assumed the form of a propaganda, the Canadian mill owners began to prepare themselves for the event and drew their contracts in a way that appropriated one-half of the amount of the repealed duty at the very threshold of the transaction. I have here a letter which has been handed to me by the Senator from Washington [Mr. PILES]. It was written by the present governor of Vermont to the Finance Committee, and it makes the matter so plain that I desire to read it to the Senate. This is the way it reads:

> You will understand this better when I tell you that only a week ago I traded a cut of 10,000,000 feet to be shipped during next year, but before I could close a trade I was obliged to put in the contract that if the duty was changed the seller should have one-half the reduction. Where would the consumer come in on this kind of a deal?

In answer to the question, where the consumer would come in, I say without hesitation that he would come in last in this case as he does in all other cases under this tariff legislation. [Laughter.] And while Senators, honestly and patriotically striving to reduce the price of lumber to their people, would be taking $2,000,000 annually out of the public Treasury, the Canadian lumber man would be dividing it between himself and his wholesale customer, and our constituents would not only be left without cheaper lumber, but they would be left with a higher tax, because they would be compelled to supply in some other way that $2,000,000 annually that the Government had remitted for the benefit of these enterprising speculators.

But, sir, although free trade in lumber would benefit only a small per cent of our people, I might, other considerations being left aside, agree to it, if it did not injure a very much larger number of our people. In saying this, I am not taking into account the people who produce lumber, and I am not advocating protection, either direct or incidental, for them. I do not advocate protection on what my people sell and demand free trade in what they buy. I will not vote for taxed hides and free iron ore. The article governs me and not the place in which it is produced. I am not, therefore, influenced in the least to oppose a repeal of the duty on lumber by the circumstance that with two exceptions Texas is to-day the greatest lumber-producing State in the Union. My attitude is determined by a wholly different consideration, and that consideration is simply this: The Government of the United States is now collecting on the importation of rough lumber and shingles more than $2,000,000, and I know perfectly well that if this $2,000,000 of revenue should be surrendered by placing rough lumber and shingles on the free list, it will instantly become necessary to raise an equal sum from those articles which are still left on the dutiable list. Free lumber, therefore, would not relieve the people from this $2,000,000 of taxes, but so far as it might relieve anybody it would simply relieve that part of the people who now buy Canadian lumber, and transfer the burden wholly to those who buy other articles; and the advantage which my people enjoy in their natural location would be taken from them by a special law.

Of this $2,000,000 which the Government now collects on lumber, the people of Texas do not pay one farthing, because not one foot of Canadian lumber is consumed in Texas. But, sir, if this lumber duty is repealed and that $2,000,000 which is now collected upon lumber is to be collected from clothes and hats and shoes and all the implements of labor, then my people will be compelled to pay more than they are paying now toward the support of this Government. Let no man say that I am opposing free lumber because other people pay the tax on it and my people pay none. I do not profess to be indifferent to that consideration, but it would not control me if I felt that Texans were escaping their just burden. I know perfectly well that, as the matter now stands, my people, receiving the benefit of no protection and bearing the burden of every protection, will simply have the injustice against them aggravated by the repeal of a tax which from the fortunate circumstance of their location they are not required to pay, because if we take the tax from this particular article which they do not import it will be necessary to make it up on other articles which they do import. Nor, Mr. President, does the duty on lumber increase the price of lumber which is not imported to the people of Texas. The freight charge on lumber from Canada is so high that it is impossible for it to be brought to Texas, and therefore Canadian lumber can never reduce the price of lumber in any Texas market. It is a truth patent to all that an article which can not compete in a given place can not affect prices in that place.

It is sometimes contended by certain people that if Canadian lumber is let in from the north, thus meeting southern lumber in the markets of Illinois, Iowa, and Nebraska, the effect will be to reduce the price all along the line down to the source of supply at the southern mills; but the men who argue that way have little knowledge of commercial sagacity or commercial practice, for the effect would be precisely the reverse of what they anticipate and teach. It is a maxim as old as trade that whatever reductions are made in competitive markets are always reimbursed in noncompetitive markets. In other words, and in plain words, if a southern mill owner is compelled to sell his lumber in Chicago to meet the competition of Canadian lumber there, he will repair the Chicago losses just as soon as

he reaches a market where Canadian lumber can not compete against him; and the men who think that they could reduce the price of lumber to the consumers in our Southern States by subjecting southern mill owners to Canadian competition in the Northern States are profoundly mistaken. Such conditions would reduce the price of southern lumber in northern markets; but if it exerted any effect at all on the price of southern lumber in southern markets, an increase would be the result.

WILL NOT TEND TO PRESERVE FORESTS.

Another argument which has been advanced in favor of free lumber is that it will help to preserve our forests. It sounds somewhat strange to hear Democrats declare that taxes should either be levied or remitted upon considerations wholly apart from the question of revenue; but without pausing to remind those who press that argument that it might estop us from maintaining our old contentions, I prefer to make the other and more conclusive answer that if free lumber will influence the preservation of our forests at all, it will be exactly the reverse of what its advocates assume. Mr. President, if a man requiring a given article has two sources of supply and the two sources combined contain a given quantity, he will exhaust the two sources of supply neither sooner nor later by drawing from one or the other at any particular time. It might be more convenient and more economical to utilize one source at a particular time; but on the question of exhaustion, it would be wholly immaterial. Suppose we test this matter by an individual illustration. I am rather partial to that method of argument because it tends to make matters plainer than even the most obvious rules of logic. Let us suppose that a farmer had two woodlands for his own consumption, one near his house, and the other at some distance. Will anybody contend that he could increase the quantity of his wood by cutting it from one of those tracts rather than from the other? Plainly he could not, and what would be true in the case of that farmer is true in the case of the United States. Starting with the proposition that the timber lands of Canada and the United States must supply the lumber demands of both countries, then it is absolutely immaterial as respects the final consumption of the total supply whether we draw lumber from Canada or they draw lumber from us. Obviously, it would cost the Canadian people more to get lumber from us than to buy it at home and, obviously, it would cost the people of Texas more to buy lumber in Canada than to buy it at home; but while the place at which any given community might purchase its lumber would seriously affect the price, it would exert absolutely no influence whatever over the other question.

Many of those who advocate free lumber contend that by removing the tariff we would reduce the price of lumber, and they talk as if that would discourage the waste of it. Mr. President, the effect of cheap lumber on the preservation of it would be exactly the opposite of what these men claim. It is as true of lumber as it is of everything else, that the cheaper it is, the less careful we are in preserving it. The owner of a woodland would cut down a tree worth a dollar to serve any mere whim or convenience, when he would not think of cutting down that same tree under the same circumstances if it were worth ten dollars; and it is a strange kind of reasoning that can lead any man to conclude that by reducing the value of our timber it will make the people who own our forests more careful to preserve them. Unless the experience of every man is at fault, such a law will utterly disappoint the expectations of its advocates, and will inevitably produce a different result from what they hope. I must not be understood as saying that high lumber is desirable. I do not think that, and I have not said that; but, I do think, and I have said, that you can never make a people take better care of anything they produce or own by diminishing its price. It is the philosophy of human nature and the invariable course of human conduct that we are more careful against wasting our possessions as they increase in value; and, if that be true, the argument that free lumber will reduce its price and thus tend to a better preservation of our forests is worse than fallacious. Men who are familiar with the improved methods of lumbering in our southern pine-timber sections have witnessed this principle in operation. Not only are our sawmills more careful in cutting trees than they were before the great advance in the price of timber lands, but they make merchantable lumber now out of parts of trees which were formerly used as fuel; and not only at the sawmill, but everywhere the same economy is practiced in the use of lumber. The builder no longer wastes it as he did when it was cheap, but every plank is now made to go as far as possible, and many are used to good advantage which were formerly thrown away.

FREE HIDES.

Mr. President, the third and last of the propositions involving this question of free raw materials which I shall discuss is the one relating to hides. What has been said in reference to iron ore could be repeated in answer to a large part of what is urged in behalf of free hides; but there is one distinguishing feature between the two articles. In the case of iron ore, so far as the trust controls it at all, it controls it through the ownership of the lands which produce it, and the ore comes directly to the steel-trust plants without passing through the hands of any other person; but that is not the case with hides, as they are produced by the farmers and ranchmen of the country, and pass to those who purchase cattle on the hoof. In this way the packing trust, which is alleged to control the hide market, is a purchaser as well as a seller of hides, and this circumstance reduces hides to practically the same situation as iron ore, because the same duty on it when the packers purchase a hide remains on it when they sell it, and, consequently, what they lose in buying they gain in selling.

We may, therefore, dismiss that phase of the question as having been disposed of already, and address ourselves to the argument that a tax on hides is a tax on shoes. It is a curious coincidence that this school of free traders always apply their doctrine at the wrong end of the transaction. Of course, a duty on hides will increase their price to the manufacturer; but it is certain that to repeal the duty on hides will not decrease the price of shoes to the consumer; and why should these so-called "free traders," who so loudly proclaim their solicitude for the American consumer, always exert themselves to remove the tariff where it will do him no good? The people of the United States do not use hides; they wear shoes, and they use leather in various other manufactured forms, but only the tanners and manufacturers buy raw hides; and, consequently, the removal of the duty on raw hides simply lifts the burden from the tanners and the manufacturers, while to remove the duty on shoes and other leather products would inure to the benefit of every man, woman, and child in America. What answer will these men make to the intelligent people of the United States for professing to watch after the interest of the consumer and yet confining their efforts to the relief of the manufacturer?

If I were vested with power to repeal any duty, I would not repeal the duty on hides until I could also repeal the duty on shoes and leather goods. I would not repeal either until I could repeal both, and I would either have free trade in everything made out of hides, or else I would lay a revenue tariff on the hides. I can not comprehend how a Democrat can think that he is relieving the consumers of this land from the exactions and oppressions of the manufacturers by voting to take the duty off of what the manufacturers buy from the people and still leaving a duty on what the people buy from the manufacturers. That kind of a man may be a free trader, but he is a free trader in spots; and the misery of it all is that he selects the factories of this country as the spots where he applies his free-trade doctrine. I have sometimes doubted the sincerity of the men who denounce the greed of American manufacturers and then gratify that greed by exempting those same manufacturers from the taxes which everybody else is required to pay. If they really believe that one class is robbing all other classes, they ought to punish the robbers and not the victims.

But, Mr. President, conceding for the purpose of this argument that to remove the duty on the manufacturer's raw material does reduce his cost of production, and would, as a general proposition, reduce the price of his manufactured articles, no such result could or would ensue in this particular case, because the saving on each pair of shoes, and every other leather product, would be so small as to be incapable of distribution among consumers. A pair of shoes made out of duty-paid hides will cost about 4 cents more than a pair of shoes made out of free hides. Does any man who is at all familiar with the shoe trade believe that the people who wear shoes would receive the benefit of the 4 cents which the manufacturers would save in making shoes? Plainly, sir, they would not, and that for several reasons. Even if shoes were sold at odd cents the manufacturer would not surrender to the consumer all which the Government had given him; but when we reflect that the price of shoes runs in even numbers, like $1.50, or $1.75, or $2, or $2.50, and so on through the entire list, we must be credulous indeed if we think that the shoe manufacturer would rearrange his scale of prices to meet such a small saving in the cost of production. The sum of it all would simply be that the Government would lose the net revenue of $2,200,000 which the duty on hides now yields, and the people would receive no rebate on their shoes. That $2,200,000 would not only be diverted from the Public Treasury into the private coffers of the tanners and the shoe manufacturers, but the people would be called upon to supply an equal amount of revenue by an increased tax on other articles of common use.

I concede that the Democrats who advocate free hides desire as earnestly as I do to reduce the price of shoes and all

leather goods to the people of this country; but I can not concede that they know as well as I do how to accomplish what they desire. They seem to think that the proper method is to first reduce the manufacturer's cost of production and then reduce the duty on the finished product. That will, undoubtedly, reduce the price of the finished product to the ultimate consumer, but there is another and a much juster way to reach the same end. That way is this: Instead of relieving the manufacturer from all tax on his raw material and relieving the people from only a portion of the tax on his finished products, thus leaving the manufacturer's profit as high as ever and compelling the producer of the raw material to lose all that the people gain, I insist that both the producer of the raw material and the manufacturer of the finished product shall be compelled to share in the reduction which I seek to make in behalf of the whole people.

IN CONCLUSION.

Mr. President, I could have avoided all controversy by quietly voting for every motion to place any article on the free list, but, sir, I could not purchase immunity from criticism by such a course, and I would despise myself if I could prefer peace with others rather than peace with my own judgment. Had I voted to put iron ore, and coal, and hides, and lumber on the free list my votes would have caused no special criticism, because I am one of a minority, and, therefore, not responsible for what this body does. But, sir, I look hopefully toward the day when we will have a majority here, and I shall then be in a position to do exactly what I have said now ought to be done. I will not be compelled to vote when my vote becomes a potential factor in framing a tariff law against what I have voted now, nor can the Democratic party in the years to come upbraid me because I have helped to make a record for it against its principles and traditions. When we have passed from this high theater and have been gathered to our fathers, no Democrat who has studied and who understands the history of our great party can ever charge that I have helped to destroy the ancient landmarks which our fathers set in this inheritance. They may say that I was wrong; but, if they do, they must admit that I have erred in following the immortal men who led the Democratic party when it wrote the most glorious chapters in the history of this Republic. At their side I stand, and with them I am ready to be judged, declaring, as I have always done, and as I shall do with my latest breath, that the sum of all good government is comprehended in the maxim that all shall enjoy equal rights, and none shall have special privileges. When my course is run there may be many who will think that I have not fought a good fight, but there shall be none who can justly say that I have not kept the faith; and I would not exchange that consciousness for all the offices which demagogues have ever won by a servile flattery of the people.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from North Carolina?

Mr. BAILEY. I do.

Mr. SIMMONS. I have seen various statements in the newspapers to the effect that since the time referred to by the Senator the United States Steel Corporation has acquired a monopoly of the iron ore of this country, and that, therefore, a vote for a duty on iron ore was in the interest of that trust. I have here—and if it will not interrupt the Senator too much I will refer to it—a statement made by the United States Steel Corporation itself with reference to the amount of iron ore controlled by that corporation in this country. I have also a statement made by the Conservation Commission, giving the entire amount of iron ore in this country, and, if it will not interrupt the Senator too much, I should like to read briefly from that statement.

Mr. BAILEY. Very well.

Mr. SIMMONS. Here is the statement made by the United States Steel Corporation. It is claimed that that corporation owns 1,717,589,000 tons of available ore and 604,845,000 tons of low-grade or nonavailable ore, making a total holding of the United States Steel Corporation of 2,322,434,000 tons. I have here an abstract of the report prepared for the Conservation Commission by C. Willard Hayes, Chief Geologist, United States Geological Survey, in which the statement is made that the total amount of available iron ore in this country to-day is 4,788,150,000 tons, and of nonavailable iron ore 75,116,070,000 tons. "Nonavailable ore," as I understand, means ore not at present profitable to work; but all of the so-called nonavailable ores are rich in metallic iron and as desirable in a mixture as the majority of the ores used in this country or abroad. They are also "nonavailable" by reason of the lack of transportation facilities and the lack of proper openings and workings necessary to mine these ores. All of this will come in due time.

Now, Mr. President, taking the figures of the United States Steel Corporation, the available ores owned by it, to wit, 1,717,589,000 tons, it will appear that the Steel Corporation owns 38½ per cent of the available ore in this country. Figuring all the iron ore of all kinds, available and nonavailable, amounting to 79,186,000,000 tons, and figuring that the United States Steel Corporation, according to its own figures, owns 2,323,434,000 tons, the percentage of iron ore in the United States owned by the United States Steel Corporation is less than 3 per cent of all the ore of this country.

Mr. BAILEY. Mr. President, I thank the Senator from North Carolina [Mr. SIMMONS] for contributing this information. I shall, a little later in this discussion, address myself particularly to the question of iron ore, and if the Senator from North Carolina will permit me, I should like the privilege of inserting these figures as an addition to my speech.

Mr. SIMMONS. I only give the totals.

Mr. BAILEY. I think that in one view the Senator has presented a very important matter, and as I would like to have it go to those who do me the honor to read this speech, I will use it as an appendix.

Mr. NEWLANDS. Mr. President, the President of the United States has recommended to Congress an excise tax upon all corporations, measured by 2 per cent of their net income, and states that in his judgment this will yield the Treasury not less than $25,000,000. He urges as an additional reason for this form of taxation that it will bring the knowledge of the real business transactions and the gains and profits of every corporation within the knowledge of the Government, and thus a long step will be made toward that supervisory control of corporations which may prevent further abuse of power.

MORE REVENUE NECESSARY FOR CONSTRUCTIVE WORK.

I am in sympathy with the movement for increasing the revenue of the country. While I believe that some reforms may be established in the administrative work of the country which will reduce the national expense, I have little confidence in the Government pursuing this line of reform so continuously as to relieve the present deficiency in the Treasury. I fear that economy will be mainly exercised where it ought to be least exercised—in the diminution of the constructive work of the country.

In addition to the constructive work on our fortifications, our warships, the Panama Canal provided for by bonds, and the reclamation of arid lands provided for by a special fund secured from land sales, the country is demanding that we should enter upon broad and comprehensive plans for the improvement of our inland waterways and for the construction of public buildings under a system of expert organization which will take public projects, as it has taken the patronage of the country, out of the spoils system. A reasonable estimate for the improvement of our rivers is $50,000,000 annually and for the construction of public buildings $30,000,000 or $40,000,000 anually, a total of something less than $100,000,000 annually.

We must therefore have more revenue; and, as the taxation of the Government is levied almost entirely upon consumption, it is right that we should reach out for the fixed wealth of the country in some form, either through income, corporation, or occupation taxes.

While I favor and shall vote for the immediate passage of a graduated income tax, the constitutionality of which may be tested before the Supreme Court, I realize that there is little chance of its adoption, and therefore I favor a constitutional amendment providing for a graduated income tax, and I favor also present legislative action imposing an excise tax in such form as to reach the great accumulated wealth of the country, or its earnings, engaged in corporate enterprise, as an easy and effective way of securing a considerable revenue, and also of securing, through publicity and otherwise, such supervisory control by the National Government as can be constitutionally exercised over corporations.

SPRECKELS SUGAR REFINING COMPANY V. M'CLAIN.

The President bases his recommendation upon the case of Spreckels Sugar Refining Company *v.* McClain (192 U. S., 397), in which the excise tax imposed by section 27 of the war-revenue act of 1898 on the gross receipts of "every person, firm, company, and corporation carrying on or doing the business of refining petroleum or refining oil" was upheld. I ask leave to insert in the RECORD that portion of the decision of the Supreme Court in this case which overrules the objection that the tax was a direct tax and therefore required apportionment.

The PRESIDENT pro tempore. Without objection, leave is granted.

The matter referred to is as follows:

"The contention of the Government is that the tax is not a direct tax, but only an excise imposed by Congress under its power to lay

and collect excises which shall be uniform throughout the United States (Art. I, sec. 8). Clearly the tax is not imposed upon gross annual receipts as property, but only in respect of the carrying on or doing the business of refining sugar. It can not be otherwise regarded, because of the fact that the amount of the tax is measured by the amount of the gross annual receipts. The tax is defined in the act as 'a special excise tax,' and therefore it must be assumed for what it is worth that Congress had no purpose to exceed its powers under the Constitution, but only to exercise the authority granted to it of laying and collecting excises.

"This general question has been considered in so many cases heretofore decided that we do not deem it necessary to consider it anew upon principle. It was held in Pacific Insurance Company *v.* Soule (7 Wall., 433) that the income tax imposed by the internal-revenue act of June 30, 1864, amended July 13, 1866 (13 Stat., 223; 14 Stat., 98), on the amounts insured, renewed, and continued by insurance companies, on the gross amount of premiums received, on dividends, undistributed sums, and income, was not a direct tax, but an excise duty or tax within the meaning of the Constitution; in Veazie Bank *v.* Fenno (8 Wall., 533) that the statute then before the court, which required national banking associations, state banks, or state banking associations to pay a tax of 10 per cent on the amount of state bank notes paid out by them, after a named date, did not, in the sense of the Constitution, impose a direct tax, but was to be classed under the head of duties, which were to be sustained upon the principles announced in Pacific Insurance Company *v.* Soule, above cited; in Scholey *v.* Rew (23 Wall., 331), that the tax imposed on every devolution of title to real estate was not a direct tax, but an impost or excise, and was therefore constitutional; in Nicol *v.* Ames (173 U. S., 509), that the tax imposed (30 Stat., 448) upon each sale or agreement to sell any products or merchandise at an exchange or board of trade or other similar place, either for present or future delivery, was not, in the constitutional sense, a direct tax upon the business itself, but in effect 'a duty or excise law upon the privilege, opportunity, or facility offered at boards of trade or exchanges for the transaction of the business mentioned in the act,' which was 'separate and apart from the business itself;' in Knowlton *v.* Moore (178 U. S., 41, 81) that an inheritance or succession tax was not a direct tax on property as ordinarily understood, but an excise levied on the transmission or receipt of property occasioned by death; and in Patton *v.* Brady (184 U. S., 608) that the tax imposed by the act of June 13, 1898, upon tobacco, however prepared, manufactured, and sold, for consumption or sale, was not a direct tax, but an excise tax which Congress could impose; that it was not 'a tax upon property as such, but upon certain kinds of property, having reference to their origin and intended use.'

"In view of these and other decided cases, we can not hold that the tax imposed on the plaintiff expressly with reference to its 'carrying on or doing the business of * * * refining sugar,' and which was to be measured by its gross annual receipts in excess of a named sum, is other than is described in the act of Congress, a special excise tax, and not a direct one, to be apportioned among the States according to their respective numbers. This conclusion is inevitable from the judgments in prior cases, in which the court has dealt with the distinctions, often very difficult to be expressed in words, between taxes that are direct and those which are to be regarded simply as excises. The grounds upon which those judgments were rested need not be restated or reexamined. It would subserve no useful purpose to do so. It must suffice now to say that they clearly negative the idea that the tax here involved is a direct one, to be apportioned among the States according to numbers.

"It is said that if regard be had to the decision in the Income Tax cases, a different conclusion from that just stated must be reached. On the contrary, the precise question here was not intended to be decided in those cases. For in the opinion on the rehearing of the Income Tax cases the Chief Justice said: 'We have considered the act only in respect of the tax on income derived from real estate, and from invested personal property, and have not commented on so much of it as bears on gains or profits from business, privileges, or employments, in view of the instances in which taxation on business, privileges, or employments has assumed the guise of an excise tax and been sustained as such.'" (158 U. S., 601.)

TAX ON REFINERS OF SUGAR AND OIL, WAR REVENUE ACT OF 1898.

Mr. NEWLANDS. Mr. President, it is not my purpose to enter upon an argument either for or against the President's position. I wish simply to give the history of the legislation relating to the tax, which was upheld in the Spreckels case, and will only call attention to the fact, in passing, that while the tax which the President recommends is, as he declares, "an excise tax upon the privilege of doing business as an artificial entity and of freedom from joint partnership liability by those who own stock," the tax sustained in the Spreckels case was not of this nature, but was simply a tax imposed on the occupation of refining petroleum or sugar, whether done by a person, firm, or corporation. The reasoning of the decision in the Spreckels case may uphold the President's contention, but I wish to submit the question as to whether, in imposing a tax upon corporations which really reaches their income as much as an income tax would, it is not wise to follow the exact verbiage of the tax imposed by the war-revenue act and under consideration in the Spreckels case; and whether equally beneficial results in the shape of revenue, and equally beneficial results in securing publicity of and supervision over corporate concerns could not be secured by it.

It should be remembered that the tax imposed upon oil and sugar refiners was upon "every person, firm, company, and corporation carrying on" such business—not upon corporations alone. The Constitution declares that "All duties, imposts, and excises shall be uniform throughout the United States." If the tax suggested by the President is to be regarded as an occupation tax, the objection will probably be made that the rule of uniformity is broken by applying this occupation tax to corporations alone, and not to natural persons.

If, however, it be held that the suggested tax is, as the President asserts, "a tax upon the privilege of doing business as an artificial entity," that is to say, a tax upon the right to be a corporation, it will probably be contended that the corporate franchise is the creation of the state sovereignty; that the power to tax is the power to destroy; and that the Nation has no power, for this reason, to tax the franchise granted by the State?

I shall not attempt to enter into the discussion of these questions. I only suggest that, to avoid all uncertainty, it would be well to follow very closely the lines of the excise tax imposed upon "every person, firm, corporation, and company" engaged in the business of refining sugar or oil, and which has been approved by the Supreme Court as a constitutional tax.

It is very clear that the objections to which I have referred were had in view when section 27 of the war-revenue act was framed. That section is as follows:

WAR-REVENUE ACT.

EXCISE TAXES ON PERSONS, FIRMS, COMPANIES, AND CORPORATIONS ENGAGED IN REFINING PETROLEUM AND SUGAR.

SEC. 27. That every person, firm, corporation, or company carrying on or doing the business of refining petroleum, or refining sugar, or owning or controlling any pipe line for transporting oil or other products, whose gross annual receipts exceed $250,000, shall be subject to pay annually a special excise tax equivalent to one-quarter of 1 per cent on the gross amount of all receipts of such persons, firms, corporations, and companies in their respective business in excess of said sum of $250,000.

And a true and accurate return of the amount of gross receipts as aforesaid shall be made and rendered monthly by each of such associations, corporations, companies, or persons to the collector of the district in which any such association, corporation, or company may be located, or in which such person has his place of business. Such return shall be verified under oath by the person making the same, or, in case of corporations, by the president or chief officer thereof. Any person or officer failing or refusing to make return as aforesaid, or who shall make a false or fraudulent return, shall be liable to a penalty of not less than $1,000 and not exceeding $10,000 for each failure or refusal to make return as aforesaid and for each and every false or fraudulent return.

HISTORY OF THE ADOPTION OF THIS TAX.

This section was offered in the Senate by Senator White, of California, on the 1st day of June, 1898, as appears by the CONGRESSIONAL RECORD of that date, page 5396.

I shall ask leave to print the proceedings with reference to that amendment and the vote upon it.

The PRESIDENT pro tempore. The Chair hears no objection.

The matter referred to is as follows:

Mr. WHITE. I desire to offer an amendment, which I ask may take the place of amendment No. 177 of the bill. The object of it is, briefly, to impose an excise tax of one-fourth of 1 per cent upon the business of oil refining and sugar refining, so that the Standard Oil and the sugar trusts will be able to pay taxes under the bill, which under the present status, without this amendment, is somewhat doubtful.

The VICE-PRESIDENT. The amendment proposed by the Senator from California will be stated.

The SECRETARY. In lieu of the committee amendment No. 177, on page 59, it is proposed to insert the following:

"Every person carrying on or doing the business of refining petroleum, or refining sugar, or owning or controlling any pipe line for transporting oil or other products, whose gross annual receipts exceed $250,000, shall be subject to pay annually a special excise tax equivalent to one-quarter of 1 per cent on the gross amount of all receipts of such persons, firms, corporations, and companies in their respective business in excess of said sum of $250,000.

"And a true and accurate return of the amount of gross receipts as aforesaid shall be made and rendered monthly by each of such associations, corporations, companies, or persons to the collector of the district in which any such association, corporation, or company may be located, or in which such person has his place of business. Such return shall be verified under oath by the person making the same, or, in case of corporations, by the president or chief officer thereof. Any person failing or refusing to make return as aforesaid, or who shall make a false or fraudulent return, shall be liable to a penalty of not less than $1,000 and not exceeding $10,000 for each failure or refusal to make return as aforesaid and for each and every false or fraudulent return."

Mr. DANIEL. I wish to say a word about this tax. The great distress amongst the corporations of the country and the wealthy men, which has led them to deprecate being called on to participate in the war with Spain, is relieved to a certain extent by the condition of the Standard Oil Company. I am sure the Senate will receive with satisfaction the information that their certificates are now at the very highest rate they have ever been. It is announced in the papers this morning that yesterday they touched the highest point in their history, being worth 449. I do not think they will be put in the poorhouse by contributing a portion, a small fraction of 1 per cent, to the Government, participating in the advantages of which they have so enriched themselves.

Mr. PLATT of Connecticut. I desire to say in a word why I propose to vote against this amendment. If it were not that a prejudice exists against two corporations, the Standard Oil Company and the American Sugar Refining Company, I think no Senator would vote for it—not one.

Mr. DANIEL. I will be glad to add any other corporation that the Senator may suggest.

Mr. PLATT of Connecticut. It is picking out from all the interests of the country two classes of business where it is absolutely certain that the corporations will not pay the tax, but that it will be paid by the consumer. There is no other business in the country where the corporations or the persons engaged in it can so surely and certainly evade the payment of the tax as in the case of the business of oil refining and sugar refining, and, what is more, the persons engaged in the business will be very careful in raising the price of oil and sugar to raise it a little more than the tax, so that the consumer will pay not only the tax, but the additional profit to these two companies.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from California [Mr. White].

Mr. BERRY. On that I ask for the yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

Mr. BUTLER (when his name was called). Under the arrangement formerly made, pairing the Senator from Maryland [Mr. Wellington] with the Senator from Missouri [Mr. Vest], I shall vote. I vote "yea."

Mr. GALLINGER (when his name was called). I announce my pair with the senior Senator from Texas [Mr. Mills], and will be pleased to exchange pairs so that the Senator from Mississippi and I can vote. I vote "nay."

Mr. HANNA (when his name was called). Under the agreement with the Senator from Indiana, I will vote. I vote "nay."

Mr. LODGE (when his name was called). I again announce my pair with the junior Senator from Georgia [Mr. CLAY]. If he were present, I would vote "nay" and I suppose he would vote "yea."

Mr. MCLAURIN (when his name was called). I announce my pair with the Senator from North Carolina [Mr. Pritchard]. If he were present, I should vote "yea."

Mr. MORGAN (when his name was called). I am paired with the Senator from Pennsylvania [Mr. Quay]. If he were present, I should vote "yea."

Mr. PETTUS (when his name was called). I again announce my pair with the senior Senator from Massachusetts [Mr. Hoar].

Mr. TILLMAN (when his name was called). Under the arrangement twice announced I will vote. I vote "yea."

Mr. WARREN (when his name was called). I again announce my pair with the junior Senator from Washington [Mr. Turner].

Mr. WILSON (when his name was called). I again announce my pair with the senior Senator from Nevada [Mr. Jones]. If he were present, I should vote "yea."

The roll call was concluded.

Mr. FAIRBANKS. I was requested by the Senator from Oregon [Mr. McBride] to announce that he is paired with the senior Senator from Mississippi [Mr. MONEY]. The Senator from Oregon is unavoidably absent. If present, he would vote "nay."

Mr. BACON. If my colleague [Mr. CLAY] were present, he would vote "yea."

The result was announced—yeas 33, nays 26, as follows:

YEAS—33.

Bacon	Cullom	Mallory	Stewart
Baker	Daniel	Mantle	Sullivan
Bate	Faulkner	Martin	Tillman
Berry	Gorman	Mitchell	Turley
Butler	Gray	Murphy	Turpie
Cannon	Harris	Pasco	White
Carter	Jones, Ark.	Perkins	
Chilton	Kyle	Pettigrew	
Cockrell	Lindsay	Roach	

NAYS—26.

Aldrich	Deboe	Hanna	Proctor
Allison	Fairbanks	Hansbrough	Sewell
Burrows	Foraker	Hawley	Shoup
Caffery	Frye	McEnery	Spooner
Chandler	Gallinger	McMillan	Wetmore
Clark	Gear	Nelson	
Davis	Hale	Platt, Conn.	

NOT VOTING—30.

Allen	McBride	Pettus	Turner
Clay	McLaurin	Platt, N. Y.	Vest
Elkins	Mason	Pritchard	Warren
Heitfeld	Mills	Quay	Wellington
Hoar	Money	Rawlins	Wilson
Jones, Nev.	Morgan	Smith	Wolcott
Kenney	Morrill	Teller	
Lodge	Penrose	Thurston	

So the amendment was agreed to.

TAX NOT ON CORPORATIONS AS SUCH, BUT ON OCCUPATION.

Mr. NEWLANDS. I ask leave to print also certain extracts from a colloquy between the Senator from Rhode Island [Mr. ALDRICH] and Senator White, in a speech made by the latter in which this very question was reached, as to whether the tax proposed by Mr. White was a tax only upon corporations, or whether it was upon all persons, firms, and corporations engaged in this particular business, and it contains the disclaimer of Mr. White that he proposes to put a tax upon corporations alone.

The PRESIDENT pro tempore. The Chair hears no objection.

The matter referred to is as follows:

[From Appendix to CONGRESSIONAL RECORD, page 504, volume 31, part 8, Fifty-fifth Congress, second session, on war-revenue bill, Thursday, May 26, 1898.]

Mr. ALDRICH. Mr. President, does the Senator from California mean to be understood as saying that the Government of the United States has ever taxed corporations as corporations at any time in its history?

Mr. WHITE. I mean to say that in the revenue law enacted during the war, Congress taxed corporations organized in the various States, and I shall in a moment turn to the section to which I allude.

Let us compare our present measure. In this bill, as proposed by the majority of the committee, it is designed to tax transportation companies a certain percentage upon their gross receipts. In the war-revenue measure the same provision was found.

Mr. ALDRICH. I was not calling the Senator's attention to the transportation tax, but to that part of the amendments of the majority of the committee which proposes to tax corporations as corporations, as distinctive entities, without regard to whether they are engaged in one kind of occupation, industry, or business, or another.

Mr. WHITE. I am discussing all the provisions of the bill regarding the taxation of corporations. I say, and the Senator from Rhode Island will not deny it, that during the war we taxed corporations a percentage largely in advance of that proposed in this bill upon their gross receipts.

Mr. ALDRICH. We undoubtedly taxed certain industries, occupations, and employments; and if corporations were engaged in those industries, occupations, or employments, they paid their taxes as individuals paid them. But this is the first attempt in the history of the Government to tax corporations as corporations.

Mr. WHITE. If I understand the Senator from Rhode Island, he does not understand me. I am not arguing in favor of the provision proposing to tax corporations only. I am not doing that; but I am claiming that under the provisions which I am considering we have the right to tax corporations, persons, and individuals as proposed with reference to this transportation matter in the first provision of the amendment. Therefore what I have said regarding the power to tax those corporations will stand.

Mr. President, it is the habit of those who endeavor to escape the force of an argument to cloud the question. I repeat that I am arguing at this minute in favor of a tax upon corporations, persons, companies, partnerships, etc., who are engaged in the occupations nominated in this bill; and neither the Senator from Rhode Island nor anyone else can escape from the conclusion that he and those who are with him are contesting this tax and are endeavoring to emancipate the wealthy institutions, whose interests he and the others here have so powerfully advocated, from giving toward this war and its maintenance one cent of money.

Mr. NEWLANDS. This amendment was carried against the opposition of the Finance Committee and almost entirely by Democratic votes. It is not my purpose to invoke partisanship in this matter; but as within a few days the Democrats of the Senate will be called upon to consider this entire question, it may be well to review the attitude of the party toward it, in the House as well as in the Senate.

So far as the House of Representatives was concerned, I do not find that any action was taken regarding this particular section, beyond the approval of the conference report confirming it.

EFFORTS TO ENLARGE AND EXTEND THIS TAX IN 1900.

But when, in 1900, the bill for the repeal of certain provisions of the war-revenue act and the partial reduction of taxation under it came up, section 27, regarding the tax on oil and sugar refiners, was discussed, and it was sought to enlarge its operation by extending it to all persons, firms, corporations, and companies engaged in manufacture of any kind whose gross receipts exceeded $500,000 per annum.

I ask leave to print the proceedings of the House under date of December 14, 1900:

The PRESIDENT pro tempore. The Chair hears no objection.

The matter referred to is as follows:

[From the proceedings of the House of Representatives, December 14, 1900.]

THE WAR-REVENUE ACT.

Mr. NEWLANDS. Mr. Chairman, I offer the following amendment:

The Clerk read as follows:

"Add after line 12, on page 3, the following:

"'That every person, firm, corporation, or company engaged in manufacture whose gross annual receipts exceed $500,000 shall be subject to pay annually at the end of each fiscal year a special excise tax equivalent to one-tenth of 1 per cent on the gross amount of all receipts of such persons, firms, corporations, and companies in their respective business in excess of said sum of $500,000. True and accurate returns of the amount of such gross receipts shall be made and rendered yearly by each of such associations, corporations, and companies, as in the case of refiners of petroleum and sugar. Such returns shall include such data as to capital, surplus, operating expenses, wages, taxes, national or State, as the Commissioner of Internal Revenue shall prescribe. Such returns shall be classified and published by the Commissioner of Internal Revenue in his annual report.'"

Mr. PAYNE. I move that all debate on this section, and amendments thereto, be concluded in ten minutes.

Mr. NEWLANDS. I object.

Mr. PAYNE. I make that motion.

The question being taken, the motion of Mr. PAYNE was agreed to, there being—ayes 99, noes 83.

Mr. NEWLANDS. Mr. Chairman, the purpose of this amendment is to impose an additional tax upon corporations and other branches of industry which now bear no part of the burden of the war taxes—the great trusts and combinations of the country. It declares that all manufacturers whose gross receipts exceed $500,000 annually shall pay a tax of 1 per cent on such receipts. In this connection, let me state that upon gross receipts of $1,000,000 such a corporation would pay a tax of $1,000. The amendment provides also that these corporations shall make returns, which shall be published, containing such statistical information as will be a guide to Congress in future legislation.

Mr. Chairman, I hope that this additional tax will be imposed. It will not raise in the aggregate more than a million or two of dollars, and it will relieve to some extent the stamp taxes which this bill in subsequent parts proposes to continue.

There is a precedent for legislation of this kind in this very bill. In the section now under consideration bank capital is made a subject of taxation. There is imposed a tax of one-fourth of 1 per cent upon all banking capital and surplus over $25,000. On bank capital alone $3,000,000 of taxation annually is raised, both under the Dingley bill and under the proposed Payne bill.

There was also a tax of this kind imposed by the Dingley war revenue upon one class of combinations or trusts; that is, the refiners of petroleum and sugar. Upon them a tax was imposed, not of one-tenth of 1 per cent, as I propose in this case, but a tax of one-fourth of 1 per cent upon gross receipts exceeding $250,000. That tax is continued in the Payne bill, and under it over $1,000,000 is annually secured from refiners of petroleum and sugar.

Mr. TAWNEY. Does this proposed amendment apply to corporations only, or does it apply to capital generally?

Mr. NEWLANDS. It applies to all associations, firms, or individuals whose transactions exceed $500,000 per annum, just as the clause relating to the refiners of petroleum and sugar applies to all persons, firms, and corporations refining sugar or petroleum. Under the tax to which I have just referred upon petroleum and sugar we have gained a reve-

nue of $1,000,000 per annum, the provision for which is retained in this bill.

My purpose in this amendment is partly to obtain a revenue from this tax and also to provide the machinery for securing information which will enable Congress in the future to act intelligently upon this question. Publication of these returns by the Commissioner of Internal Revenue is provided for, corresponding with the publication which is made of the statements of the banks by the Comptroller of the Currency and of the statements of the railroads by the Interstate Commerce Commission. In those published reports data have been given in full detail which have been of assistance not only in framing legislation regarding banking and railroading, but also to those interests themselves, tending to develop the science of both.

This amendment is not offered in any hostile spirit. It will impose upon these great trusts and combinations a total tax not exceeding a million or two. At the same time it will enable us to obtain information upon which we can act intelligently in the future in legislation relating both to the taxation and regulation of these industrial combinations. There is hardly an economic writer who does not insist that publicity is the first thing to be secured.

Mr. PAYNE. Mr. Chairman, I do not think it necessary to discuss this amendment at any great length. It is true that there were two cases of special taxation provided for in the war-revenue bill. Those were put in by an amendment offered in the Senate, and when they came to the committee of conference they were acquiesced in. I remember making a remark at that time to my associates on the conference committee that they knew, and I knew, that if this tax should be imposed the people who were expected to pay it would simply put up the price of sugar and petroleum enough to reimburse themselves for the tax which they paid and allow them besides a handsome profit. No doubt such has been the case. I have no doubt that those interests that have been required to pay this tax have collected from their customers more than the amount which they have paid over to the United States in the form of taxation. But that is one of those taxes that there is no use trying to get out of the bill. It is in there. It has produced $1,000,000 a year. If it has been a burden to those interests, they can, of course, stand it better than anybody else.

Now, the gentleman from Nevada comes here with a proposition to tax every manufacturing concern in the country, not a fifth of 1 per cent, but a tenth of 1 per cent. And his idea of a trust or combination seems to be that where a manufacturing concern produces more than $500,000 worth of any given commodity during a year it is a trust or combination. I do not know but that this is as good a definition of a trust as that I heard given on the stump by a member of the gentleman's party, who declared his belief that "a trust is a combination of capital that we are not in." Of course, as a rule, when gentlemen undertake to define a "trust" they seem to have a very vague and indefinite idea, just as they have when they undertake to discuss it.

But, Mr. Chairman, here is a tax brought in on a bill which is intended to reduce taxation. The gentleman from Nevada [Mr. NEWLANDS] says it will produce $1,000,000 or $2,000,000. Why, he has no conception of the vast business of this country when he speaks of one million of two millions as the product of such a tax. He has signed a report recommending that we ought to reduce taxation by $70,000,000, under the bill we are now considering, and yet he comes in and proposes to add a tax, as he says, of $1,000,000 or $2,000,000. He says one or two millions will be the amount of the revenue produced by the amendment, but I say five or ten, and we are both making mere guesses, because it may be more than either of us can imagine. And why, Mr. Chairman, should we adopt such a proposition? The idea seems to me to be preposterous. Do not gentlemen understand the object and spirit of the bill we are considering? We are removing war-revenue taxation as far as it is safe and possible to remove it at the present time. He says that these people do not pay taxes. Well, he is greatly mistaken about that. If he will come into the State of New York, I will show him that these people are paying just as large a proportion of taxes as anybody else.

Mr. NEWLANDS. I referred to revenue taxes.

Mr. PAYNE (continuing). By the franchise-tax law, passed recently in New York, these people are paying really more than their share of taxes. That law works against the corporations.

Mr. FITZGERALD of Massachusetts. And that law is unconstitutional.

Mr. PAYNE (continuing). It works against persons engaged in this class of business. By this amendment an additional hardship would be imposed.

Mr. Chairman, I hope the amendment, for it is scarcely necessary to discuss it further, and all others that tend to increase taxation under the bill will be voted down.

Mr. NEWLANDS. Mr. Chairman, I ask unanimous consent that the debate be extended for five minutes longer for the purpose of enabling me to answer the gentleman from New York.

Mr. PAYNE. Oh, well, I must object to that, Mr. Chairman.

Mr. NEWLANDS. You have made statements which are absolutely unfounded, and I want to answer them.

Mr. PAYNE. Oh, well, they will go into the RECORD, and I will meet that issue when they come.

The CHAIRMAN. Debate upon the amendment is exhausted and the question is on agreeing to the amendment suggested by the gentleman from Nevada.

The question was taken; and there were—yeas 90, nays 119.

So the amendment was rejected.

Mr. NEWLANDS. It will be observed in reading over the debate that I declared that my purpose was partly to obtain a revenue from this tax and also to provide the machinery for securing information which would enable Congress to act intelligently in future with reference to taxation, the regulation of industrial combinations, and the imposition of tariff duties. The Democrats supported the amendment, but it was lost by a small majority.

Later on, several Members of the Republican side of the House indicated to me that they would be inclined to vote for a measure of this kind if it would apply only to industrial corporations instead of persons, firms, and corporations engaged in manufacture, as my first amendment proposed, and if the rate of tax was so low as not to raise an excessive revenue. I therefore, with some misgivings, altered my amendment so as to make it apply only to corporations, and reduced the proposed tax from one-tenth of 1 per cent of the gross amount of receipts above $500,000 to one-twentieth of 1 per cent. I ask leave to insert the debate upon this amendment, which occurred on December 15, 1900, covering pages 337, 338, and 339, and part of page 340 of the CONGRESSIONAL RECORD of that date.

The PRESIDENT pro tempore. The Chair hears no objection to the request of the Senator from Nevada.

The matter referred to is as follows:

[From the proceedings of the House of Representatives Dec. 15, 1900.]

Mr. NEWLANDS. Mr. Chairman, I offer the amendment which I send to the Clerk's desk.

The amendment of Mr. NEWLANDS was read, as follows:

Add the following section:

"INDUSTRIAL CORPORATIONS.

"SEC. —. That every corporation engaged in manufacture whose gross annual receipts exceed $500,000 shall be subject to pay annually, within fifteen days after the end of each fiscal year, a special excise tax equivalent to one-twentieth of 1 per cent on the gross amount of all receipts of such corporations in their respective businesses in excess of said $500,000. True and accurate returns of the amount of such gross receipts shall be made and rendered yearly, at the end of each fiscal year. Such returns shall be verified by the president or chief officer of such corporations, and shall include statements as to the nature of the business conducted, the number of factories owned, and the number operated by such corporations, the capital, the surplus, operating expenses, wages, taxes (both national and state), and such other information as the Commissioner of Internal Revenue shall prescribe.

"Such returns shall be classified and published by the Commissioner of Internal Revenue in his annual report. Any officer failing or refusing to make returns as aforesaid, or who shall make a false or fraudulent return, shall be liable to the penalty prescribed for similar offenses regarding refiners of petroleum or sugar."

Mr. NEWLANDS. Mr. Chairman, I wish to say that I introduced substantially this amendment as an amendment to that portion of the war-revenue act relating to the tax on banks, and involving a tax upon banks of $3,000,000.

Mr. PAYNE. Did the gentleman say precisely this amendment?

Mr. NEWLANDS. No; at that time this side of the House voted, I may say, almost unanimously for it, and that side of the House was opposed to it. Several Members on the Republican side of the House have since indicated to me that they would be inclined to vote for a measure of this kind if it were applied to only the industrial corporations instead of all persons, firms, and corporations engaged in manufacture, as my first amendment proposed, and if the rate of the tax was so low as not to raise an excessive total.

The features which attracted their approval were, first, the Federal taxation of a form of wealth now untaxed by the National Government, and also the machinery afforded for securing statements for publication from these great industrial combinations which would yield the information so essential to the just taxation, as well as the just regulation and control of abuses so generally complained of, in which publicity is regarded by all economic writers as an essential factor. So I have redrawn this amendment, applying it only to industrial corporations, and reducing the tax from one-tenth to one-twentieth of 1 per cent of the gross annual receipts, and exempting from taxation all gross receipts up to $500,000.

Thus a corporation having gross annual receipts amounting to $1,000,000 would pay a tax of one-twentieth of 1 per cent upon one-half of that sum, being a total tax of $250 annually, and a corporation having gross receipts amounting annually to $2,000,000 would pay taxes on $1,500,000, aggregating $750. A corporation whose gross receipts would reach $10,000,000 annually would pay a total annual tax of $9,750, certainly a very inconsiderable amount, and still less considerable when you realize the fact that almost all the products of these industrial corporations are protected by the tariff, which levies duties averaging about 50 per cent on similar products of manufacture.

In other words, a foreign product of a similar character would have to pay a duty of one-half of its international price in order to obtain entry into this country. Thus the domestic producer is able to raise the price of his product above the international price by our system of protective tariff legislation. If, therefore, he is enabled to add 50 per cent to the international price of his article through the system of federal taxation, why should he not pay the small tax of one-twentieth of 1 per cent upon the domestic price? As a matter of mere taxation these great industrial corporations ought to assume something of the burdens of federal taxation, just as the manufacturers of tobacco and spirits and other things included in the internal-revenue tariff do, and a tax so moderate can not be complained of.

It should therefore be recollected that these great industrial corporations manufacture products which are also imported, and are doing so inside of the tariff wall which protects them from foreign competition. They are now endeavoring by large aggregations of capital, by the ownership in one corporation of numerous factories hitherto competitive, to destroy domestic competition, a competition which it was the intention of the tariff acts to promote, for the very theory of the tariff is that, though foreign competition is restrained, domestic competition is promoted; that inside of the tariff walls numerous competitive enterprises will start into the production of protected products, and thus not only stimulate domestic production, but lower gradually the domestic prices of such products.

Now, when we come to the consideration of the tariff acts, whether they be tariffs made for the sake of protection or tariffs with incidental protection, all the statistical information which we receive is obtained at casual and desultory hearings before the Ways and Means Committee. The interested parties flock there and present their ex parte statements, and we have not at hand the statistical information which enables us to act intelligently as to the capital employed in these various industrial occupations seeking and insisting upon protection, as to the wages paid and the profits made, and yet all these calculations should enter into the consideration of a tariff act, whether it be a protective tariff or a tariff with incidental protection.

Then, again, when we come to legislate regarding trusts we have not the information which enables us to act. At the last session of Congress an act was passed by the House which seems to sleep the sleep of death in the Senate, which the dominant party insisted at that time, just prior to the campaign, was a bona fide effort to utilize those powers conferred upon Congress by the Constitution relating to

interstate commerce and post-offices and post-roads in the suppression and harassing of trusts. We suffered then from this lack of information. We had no statistics except such casual statistics and calculations as were presented to us in the current literature of the newspapers. Some people regard those trusts as a part of the economic evolution of the times, tending to prevent overproduction, tending to steady prices, tending to create an equilibrium between capital on the one hand and labor on the other.

Others regard them as great combinations of capital, organized for the suppression of competition, for the creation of monopoly, for the raising of prices of products, and the diminution of the price of labor entering into production, and they insist that the tariff wall should be let down as to the products of these trusts; that a wave of foreign products should be allowed to enter the country and to destroy the domestic trusts and necessarily to destroy contemporaneously with them the small competitive enterprises that are endeavoring to hold their own with the trusts. The opponents of the trusts also contend that the control of Congress over the interstate commerce and the mails should be exercised in the most oppressive and harassing way.

Now, I ask whether it is not essential, with reference to all these classes of legislation, taxation first, protection second, and regulation of the trusts third, to obtain such information as will enable Congress to act intelligently? And how can we act, and how is this information to be obtained? Why, it is to be obtained under the provisions of this amendment, which, as a part of the system of taxation, resorts to the time-honored usage of compelling statements from the parties taxed, statements which are simply the counterparts of their own books, statements which anyone can obtain by obtaining a few shares in such corporations and by asserting his rights as a stockholder.

Is the privacy of these corporations to be regarded as sacred when the powers of the Government are to be exercised with reference to taxation, protection, and regulation, particularly when those corporations are for the most part the beneficiaries of federal protective legislation?

Mr. TAWNEY. Will the gentleman permit me to ask him a question?

Mr. NEWLANDS. Yes.

The CHAIRMAN. Does the gentleman from Nevada yield to a question?

Mr. NEWLANDS. I do.

Mr. TAWNEY. Would not this be a tax upon export business of every manufacturing establishment engaged in export business in the United States?

Mr. NEWLANDS. No more than every other tax here. No more than when you levy an internal-revenue tax upon tobacco or cigars or beer or spirits.

Mr. DALZELL. But tobacco is a luxury.

Mr. TAWNEY. Would it not be wise, if your amendment is to be considered and adopted, to put in a proviso exempting export of manufacturing corporations from the imposition of this tax?

Mr. NEWLANDS. If the gentleman will frame an amendment of that kind, I will accept it. What I desire is that we should initiate this form of taxation, with the statistical statements accompanying it, in some mild way, and if it is deemed advisable it can be developed further in future legislation.

Mr. DALZELL. Why pick out the industrial corporations of this country to levy a tax upon them?

Mr. NEWLANDS. Why did we pick out the banks, from which we get over $3,000,000 annually under the Dingley war-revenue act by a tax of $2 on the thousand on bank capital over $25,000? Why did we pick out the refiners of sugar and petroleum, from whom under the same act—the very act we are now amending—we get over $1,000,000 annually by a tax of one-quarter of 1 per cent on the gross amount of receipts exceeding $250,000? Why did we pick out legacies, from which we get over $2,800,000 under the same act? I assumed that we did so because we realized that taxation on consumption had gone far enough, and that in the stress of war it was just to call wealth to the rescue; and an income tax—the fairest tax on earth—being denied us by the Supreme Court, it was necessary to select certain forms of wealth best able to bear the burden. This amendment seeks to enlarge the area of this form of taxation and to reduce pro tanto the burden laid on consumption, on the occupations and activities of life. To enlarge is to equalize, the total amount of revenue required being fixed.

Mr. DALZELL. Why say $500,000 any more than $100,000?

The CHAIRMAN. Does the gentleman from Nevada yield?

Mr. NEWLANDS. The gentleman has asked his question. I will simply answer by asking, Why did we say $25,000 in the case of bank capital or $250,000 in the case of refiners of sugar and petroleum? I do not consider that the limit in this matter is a matter of importance. The purpose of exemption of $500,000 from the tax is to avoid oppressing the small industries which are engaged in competition with these giant industrial combinations. I wish to tax fairly the wealth of the country, not to handicap struggling industries, and we know that there are ten billions of wealth in these industrial combinations which now practically go untaxed by the National Government. Nor do I wish to impose——

The CHAIRMAN. The time of the gentleman has expired.

Mr. NEWLANDS. I would like an extension of five minutes.

The CHAIRMAN. Unanimous consent is asked that the time of the gentleman may be extended five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. PEARCE of Missouri. Will the gentleman yield to me for a question?

Mr. NEWLANDS. Certainly.

Mr. PEARCE of Missouri. I understood the gentleman stated on yesterday that the main purpose of his amendment was not so much to levy a tax upon corporations as to institute an inquisition into their affairs. Is that correct?

Mr. NEWLANDS. The main purpose of this amendment is to cover both the question of taxation and regulation—internal-revenue taxation now, and statistical information which will enable us hereafter to legislate wisely on the question of internal revenue, tariff, and regulation of trusts.

Mr. PAYNE. Has the gentleman concluded that we need more revenue since he signed the report of the minority?

Mr. NEWLANDS. No. I wish to say that there are two objections to the bill which the gentleman has reported here. One objection is that it raises too much revenue and the other that it does not properly distribute the burden of that revenue. If this tax does raise the revenue $2,000,000, it will be easy enough for the gentleman to lower the stamp taxes, which are retained in this bill, and the taxes on occupations and activities, from which eight or ten million dollars are received, or on the articles of consumption taxed in this bill, so that the total will not exceed the $65,000,000 which he wishes to raise as war revenue.

Now, let me show you how the burden of the revenue is distributed under the pending bill. Here is the statement:

Distribution of revenue under Payne bill.

Taxes on consumption:		
Beer	$23,598,509.40	
Tobacco, snuff, and cigarettes	18,000,000.00	
Wines	600,000.00	
		$42,198,509.00
Stamp taxes		14,775,000.00
Special taxes on occupations, amusements, and activities		1,000,000.00
Taxes on wealth as follows:		
Legacies	$2,884,491.55	
Excise taxes on refiners of petroleum and sugar	1,079,405.14	
Bank capital and surplus	3,129,404.00	
		7,093,300.69
Total		65,066,809.69

Now, let me show you how the taxes are distributed: Sixty-five millions are to be raised under the gentleman's bill for war taxation, of which the sum of forty-two millions is imposed absolutely on consumption—upon beer, tobacco, and cigars—and over fifteen millions in the shape of stamp and other taxes upon the activities of life, the occupations, and only about seven millions upon wealth. Three millions and over on banks, one million on refiners of petroleum and sugar, and $2,800,000 on legacies; only seven millions imposed on wealth out of a total of sixty-five millions of war revenue, and that, too, when the whole of your ordinary revenue—the customs revenue of nearly three hundred millions, the normal internal revenue of two hundred millions—is placed substantially on the consumption of the country, a mere per capita tax, not proportioned to the wealth of the individuals or their capacity to bear the burdens of government. Is it unreasonable that we should make some movement in the way of equalizing these conditions by imposing a further tax on wealth which will raise about $2,000,000?

You gentlemen of the majority, with a presidential election approaching, put a bill through the last session of this House for the exercise of interstate-commerce powers of the Constitution and the powers relating to post-offices and post-roads in the suppression of trusts. You forbade the railroads to carry the products of those trusts. You made it a criminal offense to do so. You were not sensitive then regarding these great organizations. You put the bill through under whip and spur. It is true it sleeps in the Senate, but that, you say, is not your fault. But there is another federal power that can be invoked, and that is the power of taxation—a power more effective than the power over interstate commerce or the mails.

It is the power to regulate; it is the power to destroy. You used that power in order to regulate and restrain the production of oleomargarine. You used that power in order to regulate the use of mixed flour. You used that power in order to destroy the currency of the state banks. These are illustrations of the extent to which you have gone, using the power of taxation in some cases for regulation, and in others employing it for destruction. Would it not be wise to apply this power in moderate degree to these great combinations of capital? I am not rabid upon this question of the control of trusts. I believe that much of the legislation that has been enacted by state legislatures upon that subject is not only unscientific, but prejudiced and oppressive.

All that I insist upon is that we should secure the information upon which we can act, and it should be secured under the sanction of oath and should be conclusive in some scientific way. I insist that it is just and right in a revenue bill to impose upon this form of wealth some degree of taxation, and the tax I seek to impose is a reasonable one. And in connection with that we should secure statements from these industrial corporations which would be a guide to the Internal-Revenue Department, and which would be a guide to Congress in future action, just as we now compel the banks of the country to make detailed statements of their affairs to the Comptroller of the Currency; just as we compel the railroads of the country to make statements of their affairs to the Interstate Commerce Commission, all of which statements, both with reference to banking and railroading, have been so classified as to give us statistical information of the highest importance—statistical information which has been a matter of the greatest importance in legislation and of the greatest beneficence to the banks and to the railroads themselves.

The CHAIRMAN. The time of the gentleman from Nevada has expired.

Mr. GROSVENOR. Mr. Chairman, I hope the Committee of the Whole House on the state of the Union will make no great, radical, demagogical inroads into capital and the industrial corporations of this country without some consideration by a constituted committee of the House that can duly consider and duly report upon the innovation. Here is a proposition coming from a single gentleman who does not say anything about one kind of corporation. He does not say anything about taxing the gross receipts of the monopolistic traction companies, but it is to be, in his view, altogether levied on the industrial corporations.

Mr. NEWLANDS. I will state that if the gentleman will frame a corporation tax that will reach every corporation and an income tax that will reach all except the smaller incomes, I will be glad to vote for them.

Mr. GROSVENOR. Now, will the gentleman tell the House—he has had an opportunity in the minority report—what sort of an income tax he wants—a constitutional one, levied under the terms of the Constitution? If so, I am with him. But an unconstitutional one, which is to be held up as a bugbear before the people—if that is what he meant in his minority report—I am opposed to fooling with that thing any longer. If he means a general tax on all sorts of corporate wealth, let us have a systematic procedure about it. The gentleman is unable to tell you how much this amendment would raise or would not raise. Let him come with a bill properly framed, and let it come to the committee of which the gentleman is an honored and distinguished member, and let us have a report that will show to the House what we are doing, and not proceed under this cry for an assualt upon corporations—not under this reproduction, apparently, or a speech of the gentleman out in his enormous State; but let us have a report from the committee that has got a system in it which we can understand, and hear what they say about it, and that will be time enough. This is a bill to reduce revenue, and not a bill to sally out into new systems of taxation. It is a bill to follow the lines that will simply reduce taxation provided for in that law. I hope that the committee will be sustained in their opposition to the proposed amendment.

Mr. SULZER. Mr. Chairman, I am in favor of this amendment to tax industrial combinations, and it seems to me it can not be suc-

cessfully denied that there is much force and logic in all that the gentleman from Nevada [Mr. NEWLANDS] has said in its favor. I agree with him that if we must raise more revenue it should be collected from wealth and not from toil. It is a matter of regret to me, and I believe it will be to the people generally, that the majority members of the Ways and Means Committee did not frame a bill to repeal the Spanish-American war-revenue taxes.

The war act of 1898, which imposed that taxation, was an emergency measure. It was passed hurriedly and without much consideration to raise immediate money for the purpose of successfully prosecuting the Spanish-American war. It was a war measure, and it was so described at that time by the leaders of the Republican party in this House, who gave assurances to the country that just so soon as the war was over these war taxes would be repealed.

The war has been over for more than two years and the Republican party is just now partially reducing the war taxes. I am opposed to a continuance of these war taxes in time of peace. They are obnoxious and vexatious, and should be repealed. In my judgment they could be repealed without causing a deficit. But if gentlemen on the other side believe otherwise and claim more revenue is necessary, not for an economical administration of public affairs, but for the purpose of carrying out Republican political schemes—some of which you now have under advisement—then, I say, that instead of raising the revenue from the poor, from the producers and the consumers of the country, you should raise this additional revenue by a tax on the trusts and the accumulated and idle wealth of the land. That would be fairer, more equitable, and more consistent.

I am opposed to robbing the many for the benefit of the few. I am opposed to unjust and unnecessary taxation. The war-tax law is the worst kind of special legislation, and the bill now under consideration is a species of this special legislation carried to its logical sequence. It can not be justified now; it could only be tolerated in time of war; and I am of the opinion that the people of the country will be sadly disappointed by the action of the Republicans. They expected you to keep your promise and repeal these burdensome taxes.

Mr. Chairman, all legislation bestowing special benefits on the few is unjust and against the masses and for the classes. It has gone on until less than 8 per cent of the people own more than two-thirds of all the wealth of our country. It has been truly said that monarchies are destroyed by poverty and republics by wealth. If the greatest Republic the world has ever seen is destroyed, it will fall by this vicious system of robbing the many for the benefit of the few.

The total population of the United States is about 75,000,000. The total aggregate wealth of the United States, according to the best statistics that can be procured, is estimated at about $75,000,000,000; and it appears, and no doubt much to the surprise of many, that out of a total population of 75,000,000 less than 25,000 persons in the United States own more than one-half of the entire aggregate wealth of the land. And this has all been brought about during the last twenty-five years by combinations and conspiracies called "trusts," fostered by special legislation and nurtured by political favoritism.

The centralization of wealth in the hands of the few by the robbery of the many during the past quarter of a century has been simply enormous, and the facts and figures are appalling. Three-quarters of the entire wealth of our land appears to be concentrated in the hands of a very small minority of the people, and the number of persons constituting that minority grows smaller and smaller every year. I am in favor of repealing the war taxes and making the accumulated wealth of the land pay its just share of the burdens of government. This can readily and easily be done by a graduated corporation tax that will reach the dividends and watered stocks of the great industrial combinations and monopolies, and by a graduated inheritance tax that will reach the idle and accumulated wealth of the land.

I am in favor of making the idle wealth, the monopolies, and all these great trusts, giant corporations, and selfish syndicates do what the Republican party by law compels the toilers, the producers, and the consumers to do, and that is to pay the taxes—pay their just share of the expenses of the Government.

By a graduated corporation tax and a graduated inheritance tax we would lift the tax burdens from the farmers, the workingmen, and the consumers and place them where they justly belong, besides establishing publicity and to some extent preventing the watering of stocks and the centralization of wealth.

In my judgment, this system of a graduated inheritance tax and graduated corporation tax is the fairest, the most honest, and the most equitable system of taxation that can be devised; and I believe if it were put into operation that it would pay more than one-half of the annual expenses of the Government. Believing as I do, I am glad to support this amendment, and I sincerely hope it will be adopted.

To-day more than three-quarters of the idle wealth of this country escapes taxation and practically bears no part of the burdens of government. That is not right. I am glad to say that I believe the amendment offered by the gentleman from Nevada will cure, to some extent, at least, this inequality and injustice in our system of taxation. I trust that gentlemen on the other side of the House will vote in favor of the amendment. You can not say it is not fair and just.

If the gentleman from New York [Mr. PAYNE] answers that it will increase the revenue, then we reply that he and his associates on that side of the House can readily reduce the revenue by repealing some of the taxes on the necessaries of life, and we will help them to do it. [Applause on the Democratic side.]

[Here the hammer fell.]

Mr. PAYNE. I move that all debate on this section and amendments thereto be limited to five minutes.

The motion was agreed to.

Mr. PAYNE. I trust that the gentleman from Nevada [Mr. NEWLANDS] will be allowed to occupy these five minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Nevada.

Mr. NEWLANDS. Mr. Chairman, the gentleman from Ohio appeals to his party to vote against my amendment, and to leave this matter to the consideration of the Ways and Means Committee for future action. He states that the pending amendment has been submitted without consideration and deliberation. I deny that, so far as I am concerned and so far as the minority members of the Ways and Means Committee are concerned.

It is true it has not received the consideration and deliberation of the majority members of that committee, because that committee has pursued the pernicious system which has long prevailed in Congress, and for which both parties are responsible—the consideration of tax bills as partisan measures, practically excluding the minority members from consideration of the various items of the proposed bill. This is a practice that has long existed. It is a pernicious practice, because the framing of a revenue bill affects the very source of all governmental powers. Upon it all the instrumentalities of government depend.

Therefore we have not had the opportunity—I make no charge against the dominant party which might not be made equally against the minority party when it was in power—we have had no opportunity for deliberation with our Republican colleagues of the committee upon this subject. The only opportunity we have of presenting our views is on the floor of the House here, in a constitutional way, by an amendment intended to reach the question under consideration.

What question is under consideration? The question of revenue—a question which involves the consideration of every subject that may justly be taxed. It involves the consideration of the equality of burdens—of the proper apportioning of burdens. It involves a consideration of the question whether a portion at least of this extraordinary tax levied for the purpose of carrying on a war justified by wealth should not be imposed upon wealth, particularly when under existing conditions the accumulated wealth of the country has for years practically escaped taxation.

I present no indictment against wealth as such. There are two classes of wealth in this country. One class—the majority, as I believe—consists of law-abiding persons who are willing to bear their fair proportion of the obligations of government; who are willing to sustain their fair proportion of governmental burdens; not eager to obtain exemption; not eager to obtain special privileges; not eager to utilize the functions of government for their own advancement.

Then there is another class of wealth—the lawless and the predatory wealth of the country—which seeks special exemptions, which seeks special privileges, which seeks to evade and escape the burdens of taxation, which seeks to pervert to its own advancement the functions of government. It is that form of wealth which brings conservative wealth under discredit and creates the discontent that finds its vent in communism and socialism.

I do not believe that the great mass of the industrial corporations of the country belong to that class. I believe that they will cheerfully bear a portion of the national burdens, and that a cheerful acquiescence in the demand for publicity will tend to scientific adjustment of pending problems.

[Here the hammer fell.]

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Nevada [Mr. NEWLANDS].

The question was taken; and on a division (demanded by Mr. NEWLANDS) there were—ayes 71, noes 99.

Mr. NEWLANDS. Mr. Chairman, I demand tellers.

Tellers were ordered.

The Chair appointed Mr. NEWLANDS and Mr. PAYNE as tellers.

The committee again divided; and the tellers reported—ayes 75, noes 105.

So the amendment was rejected.

Mr. NEWLANDS. It will be observed that this amendment, also, was lost by a comparatively small majority.

RENEWED EFFORTS TO EXTEND TAX IN 1902, WHEN WAR-REVENUE ACT WAS REPEALED.

Later on, in 1902, the question came up as to the repeal of the war-revenue bill. The Democrats of the Ways and Means Committee, while in favor of the repeal of most of the taxes, were strongly impressed with the view that certain taxes on accumulated wealth should be allowed to remain, and particularly the tax imposed upon sugar and petroleum refiners. And so, in connection with the report of the majority, recommending substantially the repeal of the entire act, the minority members presented in their report their views upon this subject. We contended that the sugar and petroleum tax yielded about a million dollars annually, and there was no reason why the great combinations monopolizing these industries should not pay some part of the national expenses as well as the masses of the people who use and consume the various things which are the subject of customs and internal tax. We urged particularly that this tax should be enlarged so as to cover all industrial corporations, in view of the fact that the Supreme Court had denied Congress the right to tax incomes, and we presented our views regarding publicity of the transactions of corporations as corrective of existing abuses and as enabling Congress to secure the relief necessary for action regarding tariff legislation and trust regulation. I ask leave to print in the RECORD the views of the minority members of the Ways and Means Committee of the House upon this subject.

The PRESIDING OFFICER (Mr. KEAN in the chair). The Chair hears no objection to the request of the Senator from Nevada.

The matter referred to is as follows:

[From the report of the Ways and Means Committee of the House of Representatives on the repeal of the war-revenue act.]

VIEWS OF THE MINORITY.

The minority members of the Ways and Means Committee submit their views on the bill (H. R. 10530) to repeal war-revenue taxation, and for other purposes, as follows:

* * * * * * *

While approving in general the policy of repealing the war taxes, we insisted, and shall insist, that certain taxes upon accumulated wealth provided for in that act should be allowed to remain. We refer, as already indicated, to such taxes as are imposed on sugar and petroleum refiners. The tax of one-fourth of 1 per cent on the annual gross receipts of sugar and petroleum refiners in excess of $250,000 yields the sum of about $1,000,000 annually. This tax has been paid without demur or protest, and there is no reason why the great combinations engaged in these refineries, and which monopolize the business in these cases, and from which colossal individual fortunes have been built up, should not pay some part of the national expenses as well as the masses of the people who use and consume the various things which are the subject of customs and internal-revenue taxation.

As the Supreme Court has denied to Congress the right to tax incomes for the support of the Government, it is well to place accumulated wealth under some form of contribution, and we know of none more just or equitable than a tax such as that imposed by the war-

revenue act on oil and sugar refiners. It is true that they are taxed while other forms of corporate and industrial wealth go free, but this can be remedied by reducing the rate of the tax and by extending it to all industrial corporations whose gross receipts exceed a fixed sum. In connection with this tax annual statements should be required which will give the data as to the capitalization, indebtedness, gross receipts, operating expenses, taxes (national and state), dividends, number of plants, output, foreign and domestic sales of such corporations, etc., thus giving the Government the statistical information necessary in legislation affecting the customs duties, internal-revenue taxation, and regulation of trusts.

Such statements could be classified and published by the Commissioner of Internal Revenue, as are the railroad statements by the Interstate Commerce Commission and the bank statements by the Comptroller of the Currency. Publicity will thus be secured as to the transactions of these great industrial combinations, which put forth the claim that they should be protected by a tariff imposing a prohibitory tax on foreign goods similar to those of their own manufacture, while they monopolize our local markets and impose charges in the home market greater than those made on the same goods in foreign markets. Surely every consideration of justice requires that industries securing by legislation so great protection from the Government, and improperly, too, as we think, should at least contribute something in the way of internal revenue to the Government, and that the transaction which receives so high a legislative protection should be made public, in order that the country may better judge as to the justice of their claim for protection.

It can not be contended that the demand for such statements is an unreasonable intrusion into the private affairs of such corporations. If they claim protective legislation, the public is entitled to the facts in their operations, so as to determine whether or not such protection shall be accorded to them. They comprise a very large proportion of the wealth of the country, and Congress has the right to demand sufficient information and knowledge of their affairs as to be able to form a correct judgment as to whether or not they are justly taxed. These corporations are exercising and enjoying monopolies in nearly all kinds of business, and the public have a right to the information which will enable Congress to determine whether or not their operations are prejudicial to the public good and whether or not regulative or prohibitory legislation is required.

When it was first proposed to compel banks to make such statements there was an outcry by bankers, who claimed that the legislation was an intrusion upon private business. So also with the railroads; and yet both banking and railroading have been developed in their scientific operation by the system of classified statements which have been required by law. By compelling the industrial corporations to come under the same regulations we would obtain a mass of statistical information which would enable us to deal justly and fairly upon the subjects involved. Publicity itself would cure many evils, and as to such evils as were not cured by publicity the proper legislation could be applied. Our legislation could then be controlled by exact information and knowledge, and not by imagination and ignorance, and would not be based upon guesswork, as is too often the case.

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JAMES D. RICHARDSON.
S. M. ROBERTSON.
CLAUDE A. SWANSON.
GEO. B. MCCLELLAN.
FRANCIS G. NEWLANDS.
S. B. COOPER.

WHY NOT UTILIZE THE PRINCIPLE ALREADY APPROVED BY THE SUPREME COURT IN THIS ACT?

Mr. NEWLANDS. The excise tax on refiners of sugar and oil, measured by their gross receipts above a certain amount, has since been approved by the Supreme Court in the Spreckels case. It can easily be enlarged so as to include all manufactures of goods protected by the tariff, and it can be made as little vexatious as possible by relieving the small manufacturers from its operations. Would it not be well to consider this form of wealth in reaching out for new sources of national revenue? The statistics furnished by the Finance Committee show that the total foreign dutiable goods imported into this country last year were valued, outside the tariff wall, at $779,000,000, and that a total average duty was imposed on them of about 45 per cent, or $329,000,000 in all, making their total value, inside our tariff wall after payment of duty, over $1,100,000,000. Such statistics also show that the total value of our domestic production of goods similar to the dutiable goods, including custom work and repairing, was about $13,000,000,000, or a little over ten times the value of the foreign imports, duty paid.

Now, in order to enable our producers to secure the value of $13,000,000,000 for our domestic products, it has been deemed advisable, according to the views of the Finance Committee, to maintain a duty on similar foreign products of about 45 per cent, so that the foreign products, equal in quantity and quality to the domestic products thus valued, while worth outside of our tariff wall only about $900,000,000, could not compete, and thus our domestic producers are enabled to get about $4,000,000,000 more than if free competition of the foreign products obtained. We have thus issued to the domestic manufacturers under the Dingley law a charter to impose on the American consumers a charge of $4,000,000,000 annually more than could be maintained if free foreign competition obtained.

Will it be contended that such beneficiaries of our taxing system, to whom a charter to tax American consumption to the extent of about $4,000,000,000 annually is given by law, should grumble when an internal-revenue tax, aggregating only fifty or one hundred million dollars annually upon their gross receipts, is imposed? Justice demands that the various forms of manufactured wealth, in whose favor the taxing power of the Nation is so freely exercised, should make some substantial contribution to the national expenses, and I can conceive of no tax more just than the extension of the tax on refiners of oil and sugar, which was upheld by the Supreme Court in the Spreckels case, to all manufacturers of products protected by the tariff law. In providing for such tax, ample provision could be made for obtaining and publishing the statistical information, which could be made useful in legislation regarding both the tariff and the trusts.

I append to my remarks a recapitulation of the statistics furnished by the Finance Committee as to the different schedules of the tariff bill now under discussion.

The matter referred to is as follows:

Recapitulation.

[The ad valorems are based on the dutiable values.]

Schedules.	Value of merchandise (dutiable and free).	Revenue under—		Equivalent ad valorems.		Census of manufactures 1905[a] (calendar year, 1904).	
		Present law (act of 1897).	Proposed bill (H. R. 1438).	Present.	Proposed.	Wages.	Value of products, including custom work and repairing.
	Dollars.	*Dollars.*	*Dollars.*	*Per ct.*	*Per ct.*	*Dollars.*	*Dollars.*
A. Chemicals, oils, and paints	42,667,649.85	11,187,405.69	11,754,112.86	27.62	28.20	44,258,256	572,848,476
B. Earths, earthenware, and glassware	31,306,008.97	15,850,019.67	15,247,487.70	49.03	48.70	154,652,719	420,944,049
C. Metals, and manufactures of	68,016,829.55	21,812,195.72	21,523,669.22	32.44	31.65	652,109,633	3,130,253,195
D. Wood, and manufactures of	24,493,810.90	3,705,024.34	2,723,058.08	15.12	11.21	378,461,021	1,393,489,978
E. Sugar, molasses, and manufactures of	92,784,081.69	60,338,523.31	59,635,940.54	65.03	65.30	23,536,189	413,333,428
F. Tobacco, and manufactures of	29,959,081.79	26,125,037.41	26,113,185.29	87.20	87.18	62,640,303	331,117,681
G. Agricultural products and provisions	63,925,575.39	19,181,915.96	20,594,283.57	30.16	32.28	100,839,004	2,194,833,894
H. Spirits, wines, and other beverages	23,083,420.03	16,318,120.14	20,518,168.77	70.69	88.89	43,924,676	474,487,379
I. Cotton manufactures	31,869,814.07	14,291,026.65	15,023,742.16	44.84	47.14	217,955,322	1,014,094,237
J. Flax, hemp, and jute, and manufactures of	114,172,202.94	49,900,580.31	50,353,163.25	43.67	44.07	27,223,574	185,094,092
K. Wool, and manufactures of	62,518,797.81	36,554,815.89	36,554,815.89	58.19	58.19	135,069,063	767,210,990
L. Silks and silk goods	38,816,839.20	20,313,706.39	23,581,996.60	52.33	60.76	26,767,943	133,288,072
M. Pulp papers and books	20,005,025.62	4,136,029.42	4,042,076.14	20.67	21.88	123,908,633	548,957,239
N. Sundries	135,821,484.06	29,896,513.49	31,307,608.27	22.50	23.06	340,596,182	1,954,228,027
Total from customs	779,140,621.87	329,110,914.39	338,973,303.34			2,331,938,518	13,534,180,743
Net increase			9,862,388.95				
Total luxuries, articles of voluntary use, dutiable	289,411,904.28	149,837,286.47	160,454,103.74	52.48	55.47		
Total necessaries, dutiable	489,728,717.59	179,273,627.92	178,519,199.60	36.77	36.69		
Total entries for consumption, dutiable and free	1,415,402,284.78		338,945,001.07		23.95		
Total necessaries, dutiable and free	1,125,990,380.50		178,519,199.60		15.85		

[a] Industries grouped to conform as nearly as possible with the articles enumerated in the respective schedules of the tariff law. Industries with products named in two or more schedules are credited to the schedule which includes the major product. The value of products for each group is the sum of all products of all industries in the group, and hence includes a large amount of duplication due to the product of one industry serving as material for another.

Mr. GORE. Mr. President, it is indeed true that when the Wilson tariff bill passed the House iron ore was placed on the free list. It is equally true that when that measure came to the Senate iron ore was removed from the free list and was placed on the dutiable list. I constitute myself the chancellor of no man's conscience and the critic of no man's conduct. I never have done so in this body, and I never shall do so. Senators older and wiser than myself have voted differently from me on every question which has been submitted to the Senate. But Andrew Carnegie has undertaken to give the history of the iron and steel schedule as revised in the Senate when the Wilson bill was converted into the Gorman law. Mr. Carnegie says that he prepared the steel and iron schedule which was enacted into the so-called "Gorman-Wilson tariff act," and he says that Mr. Gorman met him with a smile when the contest was over and assured him that he had enacted every figure submitted by Mr. Carnegie into that measure with the one single exception of cotton ties alone—cotton ties alone.

I have very little confidence in the Greeks bearing gifts, and I have very little faith when the Greeks write history. It may be that Mr. Carnegie arrogates to himself far too much credit for the revision of the steel and iron schedule in the Senate. It may be, indeed, that he derogates far too much from the credit of those distinguished statesmen, and they were admittedly wise and patriotic statesmen, who were charged with the duty and responsibility of revising those schedules in this body.

I merely ask to have Mr. Carnegie's version of that revision read to the Senate and incorporated in the RECORD for whatever it may be worth; and every Senator may accept or reject it in response to his own judgment.

The PRESIDING OFFICER. Does the Senator desire to have it read?

Mr. GORE. Yes, sir; I desire to have it read.

The PRESIDING OFFICER. Is there objection to the reading of the paper?

Mr. GORE. It is brief.

The PRESIDING OFFICER. The Chair hears no objection.

The Secretary read as follows:

To two Democrats belong the chief credit of defeating the revolutionary features of the Wilson bill—Senator Gorman, Democratic leader of the Senate, and Governor Flower, of New York, an influential leader in the House. With these two gentlemen my relations had long been intimate. Few men have enjoyed for as many years as Senator Gorman did the confidence of his party as its leader, and of the Senate as a whole. Wise, moderate, honest, he led his party with consummate address. When we met in Washington upon this serious business I found him quite satisfied that the proposed bill would injure some of our industries. After several conferences, he finally said to me, "I can afford to oppose this bill and beat the President, but I can not afford to oppose and be beaten by him. Now, if the Republican party will stand firm for a measure that carries great reductions of duties—remember great reductions we must have, especially upon iron and steel—I can carry a reasonable bill. Our people have little confidence in the representatives of manufacturing interests. All of these clamor against any measure that touches their pockets; but if you will make out a schedule of reductions in duties which you assure us can be made without injury to American industries—for I don't want to injure one of these any more than you do—I can carry enough of our people with me who are good Americans and feel as I do." He kindly added that in testifying before committees I had gained their confidence, and as I had always been reasonable and had agreed to reductions in the past, his people would accept my list. "But, remember," he said, "there must be heavy reductions."

Then I met Governor Flower, and he was emphatic. "I am as sound a protectionist as you are," he said, "and would not vote for a reduction of duty that would injure one American industry; and I believe this Wilson bill would do so."

These men represented a sufficient number of Democratic Members who, combined with Republicans, insured the adoption of a less revolutionary measure. I made and submitted a list reducing the duties about one-third upon articles of iron and steel. This was accepted as thorough, but judicious, and became a law. Meeting Senator Gorman afterwards, he laughingly explained: "I carried every one of your figures but one. I had to submit to free cotton ties to secure two Senators whom I did not wish to lose."

Mr. GORE. Mr. President, I do not appear here to certify to the good character of Mr. Carnegie. I do not appear in the Senate as a character witness to bear testimony in behalf of his reputation for truth and veracity. This statement may be entirely unfounded upon the facts, but I would merely mention this one circumstance, which has at least a tendency to corroborate and to verify his statement.

When the Republicans came to revise the tariff in 1897, when they came to revise the steel and iron schedule, when Mr. Dingley and the Republicans reached the rate upon iron ore, they accepted and reenacted the Gorman-Carnegie rate of 40 cents a ton. When Mr. Dingley and the Republicans reached the rate on pig iron they accepted and reenacted the Gorman-Carnegie duty of $4 a ton. When Mr. Dingley and the Republicans reached the rate on steel rails they accepted and reenacted the Gorman-Carnegie rate of $7.84 a ton; and when Mr. Dingley and the Republicans reached the Gorman-Carnegie rate on structural steel they revised downward; they reduced the rate upon that character of steel products.

I mention this merely as a circumstance to corroborate and verify the version and the testimony of Mr. Carnegie.

In this connection I desire to have printed in the RECORD two price lists of lumber, which I was unable to lay my hands upon yesterday when that schedule was under consideration by the Senate.

The PRESIDING OFFICER. The Chair hears no objection to the request of the Senator from Oklahoma.

Mr. GORE. Mr. President, it is a controverted question as to whether there is a lumber trust in this country or not. The fact is affirmed and believed by some; it is denied and disbelieved by others. I shall not embark upon a discussion of that controverted question now. Sir, if there is not a combination west of the Mississippi, at least a gentleman's understanding of some sort, then I hold in my hand proof of the most singular and signal instance of mental telepathy ever yet recorded in the history of psychic phenomena. I hold in my hand a price list of lumber issued by the W. T. Ferguson Lumber Company, of St. Louis, Mo. I also hold in my hand a price list of lumber issued by the William Buchanan Lumber Company, of Texarkana, Tex. These two lumber yards are situated more than 500 miles apart, but, strange to say, these two price lists were issued on identically the same day, the 22d of March, 1909.

An examination shows that their terms of sale, freight, delivery, and so forth, are printed in identical words. There is not the variation of a syllable; there is not the variation of a single letter. But, sir, more singular than that is the fact that the prices quoted by these two gentlemen on the same day, situated 500 miles apart, are also identically the same.

I find that Mr. Ferguson, of St Louis, quoted flooring at $36.25, and Mr. Buchanan, of Texarkana, quoted flooring the same day at $36.25. Mark this accidental agreement. On the selfsame day, Mr. Ferguson, of St. Louis, quoted ceiling at $17.50, and Mr. Buchanan, of Texarkana, was selling it at $17.50. Mark the deadly parallel of these prices, a striking coincidence, but a pure coincidence—merely that, and nothing more. On this same day Mr. Buchanan, of Texarkana, sold siding at $17.75, and Mr. Ferguson quoted siding at $17.75.

But, sir, not only on the same grades or class of lumber did they agree, but even on wagon bottoms. The great distance, the difference in freight, and rent make absolutely no difference in their quotations. Wagon bottoms in St. Louis were quoted by Ferguson at from $1.40 to $1.50 per pair, and on the same day Mr. Buchanan, of Texarkana, quoted wagon bottoms at from $1.40 to $1.50 a pair, agreeing in grade, character, and description.

Sir, this is one of the most singular instances of mental telepathy or scientific business methods yet recorded in the history of the commercial world. But, to add the capstone to this ascending scale of miracles, I find that these price lists were printed on the same printing press and by the selfsame printing company—the E. J. Schuster Printing Company, of St. Louis, Mo.—and printed on the same kind of wood-pulp printing paper. Sir, I submit these, not as proof of a trust, not as proof of a combination, but merely as conclusive proof that the contention set up that there is such a thing as mental telepathy has been abundantly established and demonstrated by these quotations of prices beyond any and all reasonable doubt.

The PRESIDING OFFICER. The lists referred to by the Senator from Oklahoma will be printed in the RECORD, in the absence of objection.

The lists referred to are as follows:

Yellow-pine price list from W. T. Ferguson Lumber Company, manufacturers of yellow-pine lumber. March 22, 1909.

FLOORING.[a]

	1/2 by 3 1/4.	1/2 by 5 1/4.
Edge grain, B and better	$36.25	
Edge grain, No. 1 common	25.75	
Flat grain, B and better	25.75	$27.50
No. 1 common, old grade	23.25	24.50
No. 2 common, old grade	15.75	19.00

[a] For S. 2 S., add 50 cents per thousand.

CEILING—BEADED.

	B and better.	No. 1 common.	No. 2 common.
3/8 x 3 1/4 or 5 1/4	$17.50	$15.75	$11.25
1/2 x 3 1/4 or 5 1/4	21.50	18.50	14.00
1/2 x 3 1/4 or 5 1/4[a]	23.00	18.25	13.75
5/8 x 3 1/4 or 5 1/4[a]	25.25	23.25	18.75

[a] For S. 2 S., add 50 cents per thousand.

Cluster beaded and corrugated ceiling, $1 additional.

Yellow-pine price list from W. T. Ferguson Lumber Company, etc.—Cont'd.

PARTITION.

	B and better.	No. 1 common.	No. 2 common.
1 x 3½ or 5½	$27.75	$24.75	$21.25

SIDING.

Bevel, from 1-inch stock	$17.75	$14.75	$11.25
Bevel, from 1¼-inch stock	22.50	19.50	15.50
Drop, ⅝ x 5½ inch	27.25	23.75	20.25

On orders calling for special pattern drop siding any percentage of different grade made in running same must be accepted at proportionate price.

FINISHING.

	B and better.
1 by 4 inch, S. 2 S., 13/16	$30.75
1 by 6 and 8 inch, S. 2 S., 13/16	33.25
1 by 5 and 10 inch, S. 2 S., 13/16	35.25
1 by 12 inch, S. 2 S., 13/16	35.25
1¼ by 6, 8, and 10 inch, S. 2 S., 1 1/16	36.25
1¼ by 12 inch, S. 2 S., 1 1/16	37.25
1⅜ by 6, 8, and 10 inch, S. 2 S., 1 5/16	36.25
1⅜ by 12 inch, S. 2 S., 1 5/16	37.25
2 by 6, 8, and 10 inch, S. 2 S., 1⅝	37.75
2 by 12 inch, S. 2 S., 1⅝	38.75

For each additional 2 inches in width over 12 inches, add $2 per thousand. For rough stock, add $1.75 per thousand. For S. 4 S., add $2 per thousand.

MOLDED CASING AND BASE, WORKED ON VERY SLOW FEED.

	B and better, at least 50 per cent to be "better."
From 4, 5, or 6 inch stock, B. M	$34.00
From 8, 10, and 12 inch stock, B. M	35.00

Moldings, lots under 5,000 feet, 53 per cent off universal list. Lots 5,000 feet and over, 63 per cent off.

DOOR AND WINDOW JAMBS.

	B and better, at least 50 per cent to be "better."
From 1 by 4 or 1 by 6 inch stock, B. M	$35.25
From 1¼, 1⅜, and 2 inch stock, B. M	36.25

Dressed, rabbeted, and plowed as ordered.

SHORT STOCK—FLOORING, CEILING, OR DROP SIDING.

1 by 4—6, 8, and 10 feet, No. 1 common and better, when worked as above	$20.50
1 by 6—6, 8, and 10 feet, No. 1 common and better, worked same as above	21.75

When worked to casing, base, or jambs, add $5 per thousand.

BOARDS, S. 1 S. OR S. 2 S.

	12 feet.	14 feet.	16 feet.	18 feet.	10 and 20 feet.
1 x 8, No. 1 common	$22.75	$22.00	$22.00	$23.75	$22.75
1 x 10, No. 1 common	23.25	22.50	22.50	23.25	23.25
1 x 12, No. 1 common	27.50	26.00	26.00	27.50	27.50
1 x 8, No. 2 common	19.50	19.50	19.50	19.50	19.50
1 x 10, No. 2 common	19.50	19.50	19.50	19.50	19.50
1 x 12, No. 2 common	21.00	20.00	20.00	20.00	21.00

D. & M. and shiplap, 50 cents; grooved roofing, $2 more than S. 1 S. For rough, add $2.25 per thousand.

RED HEART BOARDS, S. 1 S. OR S. 2 S.

4 to 12 inches wide, 12 to 20 feet long	$16.75

Can not load specified widths or lengths. They run largely 10 and 12 inches in width and 12, 14, and 16 feet in length.

FENCING, S. 1 S. OR S. 2 S.

	No. 1.	No. 2.
1 x 6, 16 feet	$22.25	$19.00
1 x 6, other lengths	21.25	18.00
1 x 4, 16 feet	21.75	18.50
1 x 4, other lengths	20.75	17.50

For rough, add $2.25 per thousand.

NO. 1 DIMENSION.

	12 feet.	14 feet.	16 feet.	18 feet.	10 and 20 feet.	22 and 24 feet.
2 x 4, S. 1 S. 1 E	$20.75	$20.25	$20.25	$22.75	$22.75	$26.50
2 x 6, S. 1 S. 1 E	18.50	18.50	18.50	19.50	19.50	24.00
2 x 8, S. 1 S. 1 E	19.00	19.00	19.00	21.50	21.50	26.50
2 x 10, S. 1 S. 1 E	20.00	20.00	20.00	21.50	21.50	27.50
2 x 12, S. 1 S. 1 E	21.00	21.00	21.00	22.50	22.50	29.00
3 x 6 and 3 x 8, S. 1 S. 1 E	26.00	26.00	26.00	26.50	26.50	28.00
3 x 10 and 3 x 12, S. 1 S. 1 E	26.50	26.50	26.50	27.50	27.50	29.00
2 x 14, S. 1 S. 1 E	29.00	29.00	29.00	30.00	30.00	32.00
2½ x 14 and 3 x 14, S. 1 S. 1 E	29.00	29.00	29.00	30.00	30.00	32.00
4 x 4 and 4 x 6, S. 1 S. 1 E	24.75	24.75	24.75	25.25	25.25	26.25
4 x 8 to 8 x 8, rough	26.75	26.75	26.75	27.25	27.25	28.25
4 x 10 to 12 x 12, rough	27.75	27.75	27.75	28.25	28.25	29.25

For rough, add $2.25; for S. 4 S., add 50 cents per thousand; No. 2, when in stock, $2 less. For each additional 2 inches over 14 inches, add $1 per thousand. Dimension edged only $2.75 more than S. 1 S. 1 E.

For timbers larger than 12 by 12, add $1 per thousand for every 2 inches each way. Add $1 for each 2 feet additional over 24 feet up to and including 30 feet.

WAGON BOTTOMS.

	B and better.
Per set, D. & M. 38-inch face	$1.40
Per set, D. & M. 42-inch face	1.50

For edge grain, add 25 cents per set.

BATTENS.

	Per 100 linear feet.
½ by 3, S. 1 S	$0.50
2-inch O. G	.60
2½-inch O. G	.70

LATHS.

Byrkit lath, 4 feet	$12.25
Byrkit lath, 6 feet	12.25
Byrkit lath, 8 and 10 feet	13.75
Byrkit lath, 12, 14, 18, and 20 feet	14.75
No. 1 Y. P., ⅜-inch plastering lath, steam dried, end-load car lots	3.20

Price list from William Buchanan, manufacturer of band and gang sawed yellow pine lumber, Texarkana, Ark., March 22, 1909.

FLOORING.[a]

	13/16 by 3½.	13/16 by 5½.
Edge grain, B and better	$36.25	
Edge grain, No. 1 common	25.75	
Flat grain, B and better	25.75	$27.50
No. 1 common (old grade)	23.25	24.50
No. 2 common (old grade)	15.75	19.00

[a] For S. 2 S., add 50 cents per thousand.

CEILING—BEADED.

	B and better.	No. 1 common.	No. 2 common.
⅜ x 3½ or 5½	$17.50	$15.75	$11.25
½ x 3½ or 5½	21.50	18.50	14.00
⅝ x 3½ or 5½ [a]	23.00	18.25	13.75
4/4 x 3½ or 5½ [a]	25.25	23.25	18.75

[a] For S. 2 S., add 50 cents per thousand.

Cluster beaded and corrugated ceiling, $1 additional.

PARTITION.

	B and better.	No. 1 common.	No. 2 common.
1 x 3½ or 5½	$27.75	$24.75	$21.25

SIDING.

Bevel, from 1-inch stock	$17.75	$14.75	$11.25
Bevel, from 1¼-inch stock	22.50	19.50	15.50
Drop, ⅝ x 5½ inch	27.25	23.75	20.25

On orders calling for special pattern drop siding, any percentage of different grade made in running same must be accepted at proportionate price.

FINISHING.

	B and better.
1 by 4 inches, S. 2 S., 13/16	$30.75
1 by 6 and 8 inches, S. 2 S., 13/16	33.25
1 by 5 and 10 inches, S. 2 S., 13/16	35.25
1 by 12 inches, S. 2 S., 13/16	35.25
1¼ by 6, 8, and 10 inches, S. 2 S., 1 1/16	36.25
1¼ by 12 inches, S. 2 S., 1 1/16	37.25
1⅜ by 6, 8, and 10 inches, S. 2 S., 1 5/16	36.25
1⅜ by 12 inches, S. 2 S., 1 5/16	37.25
2 by 6, 8, and 10 inches, S. 2 S., 1⅝	37.75
2 by 12 inches, S. 2 S., 1⅝	38.75

For each additional 2 inches in width over 12 inches, add $2 per thousand; for rough stock, add $1.75 per thousand; for S. 4 S., add $2 per thousand.

MOLDED CASING AND BASE WORKED ON VERY SLOW FEED.

	B and better, at least 50 per cent to be "better."
From 4, 5, or 6 inch stock, B. M	$34.00
From 8, 10, and 12 inch stock, B. M	35.00

Moldings, lots under 5,000 feet, 53 per cent off universal list; lots 5,000 feet and over, 63 per cent off.

DOOR AND WINDOW JAMBS.

	B and better, at least 50 per cent to be "better."
From 1 by 4 or 1 by 6 inch stock, B. M	$35.25
From 1¼, 1⅜, and 2 inch stock, B. M	36.25

Dressed, rabbeted, and plowed as ordered.

SHORT STOCK—FLOORING, CEILING, OR DROP SIDING.

1 by 4—6, 8, and 10 feet, No. 1 common and better, when worked as above	$20.50
1 by 6—6, 8, and 10 feet, No. 1 common and better, worked same as above	21.75

When worked to casing, base, or jambs, add $5 per thousand.

Price list from William Buchanan, manufacturer, etc.—Continued.

BOARDS, S. 1 S. OR S. 2 S.

	12 feet.	14 feet.	16 feet.	18 feet.	10 and 20 feet.
1 x 8, No. 1 common	$22.75	$22.00	$22.00	$22.75	$22.75
1 x 10, No. 1 common	23.25	22.50	22.50	23.25	23.25
1 x 12, No. 1 common	27.50	26.00	26.00	27.50	27.50
1 x 8, No. 2 common	19.50	19.50	19.50	19.50	19.50
1 x 10, No. 2 common	19.50	19.50	19.50	19.50	19.50
1 x 12, No. 2 common	21.00	20.00	20.00	20.00	21.00

D. & M. and shiplap, 50 cents; grooved roofing, $2 more than S. 1 S. For rough, add $2.25 per thousand.

RED HEART BOARDS, S. 1 S. OR S. 2 S.

4 to 12 inches wide, 12 to 20 feet long $16.75

Can not load specified widths or lengths. They run largely 10 and 12 inches in width and 12, 14, and 16 feet in length.

FENCING, S. 1 S. OR S. 2 S.

	No. 1.	No. 2.
1 x 6, 16 feet	$22.25	$19.00
1 x 6, other lengths	21.25	18.00
1 x 4, 16 feet	21.75	18.50
1 x 4, other lengths	20.75	17.50

For rough, add $2.25 per thousand.

NO. 1 DIMENSION.

	12 feet.	14 feet.	16 feet.	18 feet.	10 and 20 feet.	22 and 24 feet.
2 x 4, S. 1 S. 1 E.	$20.75	$20.25	$20.25	$22.75	$22.75	$26.50
2 x 6, S. 1 S. 1 E.	18.50	18.50	18.50	19.50	19.50	24.00
2 x 8, S. 1 S. 1 E.	19.00	19.00	19.00	21.50	21.50	25.50
2 x 10, S. 1 S. 1 E.	20.00	20.00	20.00	21.50	21.50	27.50
2 x 12, S. 1 S. 1 E.	21.00	21.00	21.00	22.50	22.50	29.00
3 x 6 and 3 x 8, S. 1 S. 1 E.	26.00	26.00	26.00	26.50	26.50	28.00
3 x 10 and 3 x 12, S. 1 S. 1 E.	26.50	26.50	26.50	27.50	27.50	29.00
2 x 14, S. 1 S. 1 E.	29.00	29.00	29.00	30.00	30.00	32.00
2½ x 14 and 3 x 14, S. 1 S. 1 E.	29.00	29.00	29.00	30.00	30.00	32.00
4 x 4 and 4 x 6, S. 1 S. 1 E.	24.75	24.75	24.75	25.25	25.25	26.25
4 x 8 to 8 x 8, rough	26.75	26.75	26.75	27.25	27.25	28.25
4 x 10 to 12 x 12, rough	27.75	27.75	27.75	28.25	28.25	29.25

For rough, add $2.25; for S. 4 S., add 50 cents per thousand; No. 2, when in stock, $2 less. For each additional 2 inches over 14 inches, add $1 per thousand. Dimension edged only, $2.75 more than S. 1 S. 1 E.

For timbers larger than 12 by 12, add $1 per thousand for every 2 inches each way. Add $1 for each 2 feet additional over 24 feet up to and including 30 feet.

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Per set, D. & M. 38-inch face	$1.40
Per set, D. & M. 42-inch face	1.50

For edge grain, add 25 cents per set.

BATTENS.

	Per 100 linear feet.
⅜ by 3, S. 1 S	$0.50
2-inch O. G	.60
2½-inch O. G	.70

LATHS.

Byrkit lath, 4 feet	$12.25
Byrkit lath, 6 feet	12.25
Byrkit lath, 8 and 10 feet	13.75
Byrkit lath, 12, 14, 18, 20, feet	14.75
No. 1 Y. P., ⅜-inch plastering lath, steam dried, end-load car lots	3.20

Mr. LODGE. Mr. President, I will ask, until the chairman of the Finance Committee [Mr. ALDRICH] returns, to move an amendment to paragraph 17, page 6. An amendment was made to that paragraph by the insertion of the words "by whatever name known," after the word "value," in line 17. It was a mistake to insert those words at that point. The error was mine. They should be inserted after the word "articles," in line 15.

The PRESIDING OFFICER. The Senator from Massachusetts asks unanimous consent to reconsider the vote by which the amendment referred to by him was agreed to. Without objection, it is done. The Senator now offers the amendment, which will be stated by the Secretary.

The SECRETARY. In paragraph 17, page 6, line 17, it is proposed to transpose the words heretofore inserted "by whatever name known," after the word "articles," so that it will read, "finished articles by whatever name known."

The PRESIDING OFFICER. Without objection, the amendment will be agreed to.

Mr. BACON. Mr. President, I hope we may have an opportunity to have some little information about this matter. We can not tell what it is.

Mr. LODGE. This amendment was agreed to by the Senate. We put in the words "by whatever name known" for a better definition. They were inserted by error at the wrong point. I have asked that they be transferred to the proper point in the paragraph. That is all.

Mr. BACON. I have no objection to that; but I think that where amendments are offered, and we have no opportunity whatever to examine them, it is not unreasonable to ask that they be explained.

Mr. LODGE. This amendment was offered and agreed to, but, owing to a mistake on my part in offering it, I asked to have it inserted at the wrong place in the paragraph.

Mr. BACON. I understand that, for that has been stated by the Senator before, but I was proceeding to say that, in the absence of an opportunity to examine an amendment, I do not think it is unreasonable to request that the Senator should make the explanation he has made.

Mr. LODGE. Not in the least. I am very glad to make the explanation.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The paragraph as amended was agreed to.

Mr. LODGE. Mr. President, I wish further to amend that paragraph by striking out the word "twenty-five," in line 18, and inserting the word "thirty-five."

The PRESIDING OFFICER. The amendment proposed by the Senator from Massachusetts will be stated.

The SECRETARY. In paragraph 17, page 6, line 18, it is proposed to strike out the word "twenty-five" and to insert the word "thirty-five."

Mr. DOLLIVER. Mr. President, that appears to be a substantial advance.

Mr. LODGE. It is.

Mr. DOLLIVER. I should like to have a little information in regard to that.

Mr. LODGE. I will state the case to the Senator, and I think he will agree with me that the advance is not unreasonable. The compound duty is equivalent, or was two years ago, to an average ad valorem of 33 per cent and a fraction. Last year it was equivalent to an average ad valorem duty of 31 and a fraction.

The imports under that head have increased from $240,000 three years ago to $1,800,000 last year, which is an enormous increase, as the Senator sees. These are small articles; not necessities, but small articles of luxury or fancy. They are made from celluloid. One of their basic materials, I think, is tissue paper, on which a duty of only 40 per cent is paid; and the other basic material is camphor, which is a monopoly in Japan. Japan has entered upon the manufacture of these articles. This will give them an equivalent ad valorem of 41 per cent. It is perfectly impossible for this industry, which is a small one and which was invented in this country, to live under that competition; and the figures of import show that to be so, unless they can get the additional 10 per cent.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Massachusetts.

Mr. BRISTOW. Mr. President, it seems that the House reduced this specific rate from 65 to 50 cents per pound, and reduced the ad valorem from 25 per cent to 20 per cent. The Senate Finance Committee originally restored the Dingley rate. Now the proposition of the Senator from Massachusetts [Mr. LODGE] is to increase the Dingley rate and the ad valorem from 25 to 35 per cent.

Mr. LODGE. It is an increase of the Dingley rate of 10 per cent, which will raise the equivalent ad valorem from 31 to 41 per cent, which is low for a manufactured article of this kind. It is not a necessity of life. I have stated the case. The imports have gone up from $240,000 a year to $1,800,000 in three years. The manufacturers are confronted with Japanese competition. The figures of Japanese labor we are not left to guess at; they are given by the report of the Japanese commission itself. They average from 20 cents to 30 cents a day, and our labor, which averages about $3 per day in this industry, is brought in contact with that. The amendment is an increase, and it is offered as such. I believe—and I think every one who has looked into the matter believes—that the industry can not possibly continue unless such increase is made.

Mr. BRISTOW. Mr. President, I should like to inquire if the House of Representatives made any inquiry as to these articles, or whether there was any evidence submitted to the Ways and Means Committee on the subject?

Mr. LODGE. The evidence submitted to the Senate Committee on Finance on this subject was complete. They went into the figures with the utmost thoroughness, examined all the

statements, including those relating to Japanese wages, and all that was concerned in it, and have arrived at the conclusion which I have stated.

As I say, this industry depends for its basic materials on tissue paper, which carries a duty of 40 per cent, and camphor, of which Japan has a monopoly. These articles can only be made with camphor, and that is in the hands of the Japanese, who have started at Tokyo two great factories in these articles.

Mr. DOLLIVER. I should like to inquire what are the names of these articles in commerce?

Mr. LODGE. They are fancy articles made of celluloid—combs and things of that kind.

Mr. DEPEW. And also imitation shells.

Mr. LODGE. Imitation shells and things of that kind.

Mr. DOLLIVER. Does the book on Duties and Imports indicate any increase of importations?

Mr. LODGE. The importations, as I have stated, have gone from $240,000 to $1,800,000.

Mr. ALDRICH. The importations for 1908 are not given in that book.

Mr. LODGE. The importations in 1908 were $1,800,000.

Mr. ALDRICH. We are importing them now at the rate of $200,000 a month.

Mr. LODGE. Yes; $200,000 a month.

Mr. BRISTOW. Very well. I should just like to have a little reason for these increases of duty. We have been doing nothing else for the last two days except to increase duties. I think the country is getting tired of it. I just want an opportunity to vote against it. That is all I ask.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The paragraph as amended was agreed to.

Mr. ALDRICH. On page 178, line 26, I offer the amendment to paragraph 448 which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. In paragraph 448, on page 178, line 26, after the word "leather," strike out the word "five" and insert "ten."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BACON. I desire to ask the Senator from Rhode Island whether that is the only amendment which he proposes to that paragraph, or if other amendments will run through the paragraph?

Mr. ALDRICH. The committee suggest amendments to the sole-leather provision, increasing the duty from 5 to 10 per cent, and on boots and shoes from 15 to 20 per cent. They are the amendments that I offered last night.

Mr. BACON. I understand that the Senator from Texas [Mr. BAILEY] desires to be heard upon that proposition.

Mr. ALDRICH. I think not; I did not so understand.

Mr. BACON. If the Senator will recall—he is in the cloakroom now, I understand, and I will send for him—when the Senator from Rhode Island proposed the amendments yesterday afternoon, the Senator from Texas interrupted him to say that they could not be finished within the limit of time which remained before the hour of adjournment, and they went over for that reason. It was with a view to that that I asked the Senator whether the amendment just offered in line 20 was to be followed by other amendments relating to shoes and other articles of leather.

Mr. BAILEY entered the Chamber.

Mr. ALDRICH. The Senator from Texas is now in his seat, and I will repeat that these are the amendments which I suggested last night, increasing the duties on sole leather from 5 to 10 per cent, and on boots and shoes from 15 to 20 per cent, the increase being made necessary, in the opinion of the committee, on account of the placing of a duty on hides, the duty on hides being 15 per cent, while these increases are only 5 per cent.

Mr. BAILEY. Of course, Mr. President, I have already expressed the opinion in the presence of the Senate that the shoemakers were entitled to the same ad valorem duty on what they sell as they pay on what they buy. There can be absolutely no defense for requiring them to pay 15 per cent on their hides, and then allowing them to charge 20 per cent on what they make out of those hides. The shoe, as I have already explained, on yesterday, in its total value represents the cost of the raw material, the labor cost, and a return on the capital; and the 15 per cent duty gives them adequate protection on their labor cost, on their capital invested, and on what they pay for the importation of their raw material.

To increase that duty to 20 per cent is, I repeat, a pure gratuity. For instance, I believe I can illustrate it plainly in this way: The total value of the shoe is made up of three items, the cost of raw material, the labor cost, and the capital cost. To say that the cost of the raw material is enhanced 15 per cent by the duty paid toward the support of the Government on the imported hide, certainly gives the manufacturer no right to ask that the people pay him 20 per cent on what he has paid to the Government, which is only 15 per cent; and it is purely a differential, a protection device, for which I take it no Democrat can vote.

Mr. BACON. Mr. President, as I understand the suggestion of the Senator from Texas, it is this: That when the manufacturer gets back in the same duty the amount which he has paid out upon the raw material by reason of the duty imposed upon it, if there is an additional amount imposed, that it is simply and purely a bonus, without any consideration?

Mr. BAILEY. That is absolutely true; it is true in every case; it is most of all true in this case, because, I think, the proof is abundant; that the cost of manufacturing shoes in this country is no greater than the cost of manufacturing shoes in other countries.

Mr. CLAY. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. BAILEY. Certainly.

Mr. CLAY. I should like to ask the Senator how much revenue we collected from boots and shoes in the year 1907? My recollection is that we only got about $41,000.

Mr. BAILEY. Practically nothing.

Mr. CLAY. My recollection is that we exported in the year 1907 over $10,000,000 worth of shoes.

Mr. BAILEY. The Senator from Georgia is exactly accurate. Not only did we export largely last year, but this export has been a constantly increasing one. We know perfectly well that if the manufacturers of shoes in this country could not produce them and sell them in foreign countries at a profit, they would not export them; and, consequently, this additional 5 per cent is simply a license to exact from the people of the United States who buy shoes what the manufacturers have not paid out when they import hides.

I am perfectly willing that the manufacturers shall have the same duty on their finished product that they pay on their raw material. That is necessary, for otherwise they would import no raw material, but import all finished products. But I believe in the doctrine of equality; I do not believe that the manufacturer ought to be able to collect from anybody, under any kind of argument, beyond what he has paid out. So far as I am concerned, I am ready for that vote.

I am not so clear about the duty on sole leather. I think probably a duty on hides ought to be followed by a duty on whatever is made out of hides. I do not believe in charging one man more than another. In other words, I do not believe in making the manufacturer pay for the support of the Government when he imports hides and leaving the man who imports shoes under no such necessity, although I do say that I will gladly vote to put hides and all their products on the free list, because I believe we can wholly remit the more than $2,000,000, or the something like $2,200,000, which we collect, in view of the corporation tax which is certain to be levied, if Senators on the other side can prevail, and the income tax, if Senators on this side, reenforced by Senators on the other side, can prevail.

I want to say here and now, Mr. President, that notwithstanding the President's message to the effect that this corporation tax will raise $25,000,000, I believe it will raise $50,000,000, if it is properly enforced; and with that $50,000,000 to be collected, in addition to what is collected under the tariff schedules, and remembering the assurance of the chairman of the committee that the tariff schedules will raise enough to support the Government, I shall rejoice at an opportunity to relieve the people who buy shoes as well as the people who import hides.

Mr. JOHNSTON of Alabama. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. BAILEY. Yes.

Mr. JOHNSTON of Alabama. I wish to suggest to the Senator from Texas, in addition to what he has said, that on these 10,000,000 of shoes that we export from the United States the manufacturers get a drawback on the leather that they paid the duty on.

Mr. BAILEY. I thank the Senator from Alabama for adding that, because it is a valuable fact to be considered. In other words, the manufacturers of the $10,000,000 worth of shoes which they exported in 1908 drew from the Public Treasury, in the form of a drawback, something like $900,000, and that

itself was 10 per cent on the exportations. When I state that they drew $900,000, I believe that is the figure for 1907, but I assume that it was not substantially different from that in 1908.

And, if the Senator from Rhode Island will accept a tender of friendly advice, I will tell him how to make his tariff bill very much more popular than it will be. That is, by recognizing this $50,000,000 that he is going to raise from the corporations of the country by remitting to the people who have many children who must wear shoes the two and a quarter million dollars collected in that way. I have no hope that he will take that advice, but that does not abate my confidence in the wisdom of it.

Mr. HALE. Mr. President, the present duty on boots and shoes is 25 per cent. In fixing the whole question in the House, hides, which are of course at the bottom the nearest approach to raw material in this important manufacture, were placed upon the free list; and, corresponding to that, the rates upon the manufactured products of hides—shoes, boots, and leather—were intended to be arranged with some proper idea of the symmetrical relations that under tariff legislation they bear to each other.

The Senator's proposition that if a duty is fixed by Congress upon what we may call the "raw material," the subsequent duty upon the article as it passes through the process which involves increased labor and cost shall be the same as that fixed upon the raw material has never been and never ought to be the rule in tariff legislation. If there is anything in the proposition that protection involves the recognition of additional labor and cost, then, as will be found in almost every schedule, when the product advances another stage there is a recognition of that advance in an increased duty.

The boot and shoe manufacture, which is a very important one, and which involves the employment of many thousands and tens of thousands of laborers and mechanics, is, or ought to be, especially subject to this rule of increased duty as the product advances in stage of manufacture.

Mr. BACON. Will the Senator permit me for a moment?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Georgia?

Mr. HALE. Yes; I yield.

Mr. BACON. Mr. President, I would submit this consideration to the Senator: The Senate Finance Committee, or the majority of it, representing the committee, when the bill came from the House with free hides, recognized that the correct measure of the amount of protection—taking it now in their own vernacular, and recognizing that they are using the imposition of this duty as a protective duty—was 15 per cent.

In other words, they recognized that if there was no burden imposed upon the importation of the free raw material, the measure of protection for the process of manufacture was 15 per cent. By the action of the Senate, the burden has been increased by the imposition of a duty of 15 per cent on the raw material. If that exact measure of increased burden is restored to the manufacturer in the price of his product, what is the reason that there should be an additional imposition of duty, or an additional compensation, for the process of manufacture? The process of manufacture has been measured, I repeat, as being entitled to a protection of 15 per cent. It seems to me that the conclusion is beyond possibility of successful contravention that, when an increased burden is imposed, the utmost that can be asked for the process of manufacture is that to the extent of that increased burden there should be a restitution. If the raw material is increased 15 per cent, and if the price of the manufactured article includes that additional 15 per cent, why should there be an additional measure added to the rate of compensation for the distinct and separate act of manufacture?

Mr. HALE. Mr. President, the Senator stated in his own words—and I leave it to him and the Senator from Texas to settle which is the best word—precisely what the Senator from Texas has stated. I was endeavoring to show that that statement is entirely fallacious, and I do not like to repeat myself simply because a question is asked me. But perhaps it will not be trespassing on the patience of the Senate to say again that the fallacy consists in that, when you have fixed the duty upon the raw material, you have only just begun to consider what rate shall be fixed when the advanced stage is reached.

I have never before heard this proposition stated; because if that were the plan upon which we arranged the tariff schedules, the only thing ever to be considered would be what is the duty placed upon the raw material; and we should never have to give ourselves the trouble of looking into the advanced process that the manufacturer has to submit to as a disadvantage to him through the raw material having been raised.

The boot and shoe people, engaged in this most important industry, were opposed to the duty upon hides because it would increase their burden. When the committee considered this subject, and it was so stated to the Senate, it did not take up and report to the Senate what should be the duty on the advanced stage until it was known what was to be the duty upon the raw material—I call it that—not with any intimation that we expected to make it the same, but because in all these schedules it has always been recognized that if there is an increased cost by reason of labor, that should be considered, and an additional duty should be imposed.

I am not wholly content with this proposition of the committee; but, in considering it, instead of restoring the duty to 25 per cent, which is only 10 per cent additional, the committee believed it advisable to fix the advance at only 5 per cent beyond the rate that has been put upon the raw material, if I may call it that, the hide. And I have been wondering myself, in view of the fact that, as I stated the other day, one reason why I propose to vote for the duty on hides is that I expect to advance, as has always been done in every schedule, on the advanced product, the rate to the manufacturer of boots and shoes——

Mr. BACON. Will the Senator permit me for a moment?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Georgia?

Mr. HALE. Certainly.

Mr. BACON. The Senator says that the increased burden proposed by the placing of hides upon the dutiable list must be compensated to the manufacturer. What I desire to know of the Senator is this: What other burden is there, in the imposition of a duty upon hides, than the 15 per cent? In other words, before the burden was imposed, the recognized proper compensation to the manufacturer was 15 per cent. When you put the burden of 15 per cent upon the raw material, which is necessarily restored in the increased price of the manufactured article, what additional burden is there in the imposition of the duty upon hides to the manufacturer over and above the 15 per cent duty on the hides?

Mr. HALE. I think the boot and shoe men knew what was to their interest when they opposed the addition of the duty upon the raw material, hides. I think they understood what the operation would be upon them if that was put on. I do not need to go into a discussion of the fundamental proposition of whether the additional duty is all an added expense. If we embarked on that discussion, it would revive all these old questions.

But undoubtedly this great industry felt and knew that if the added duty, which is 15 per cent, were put upon the raw material and had to be paid on every importation of hides that would go from the custom-house to these great manufacturing establishments, these hives of human industry, there would be an added burden.

Mr. BACON. I wish to ask the Senator a question, with his permission.

Mr. HALE. Certainly.

Mr. BACON. Suppose that in imposing a duty upon the importation of hides we had coupled it with this provision:

Provided, That upon all hides imported and converted into manufactured shoes the Government shall repay the duty to the manufacturer.

Would the Senator still hold that in the face of such a provision as that the manufacturer would be entitled to an increased duty on the manufacture because of the imposition of the duty on hides? And if not, if the manufacturer gets back the 15 per cent when he sells the shoes, how has he any greater right to have an increased duty on the manufactured article than if the Government itself restored to him the amount that he paid on such an importation?

Mr. CLAPP. Mr. President, will the Senator yield for a moment?

Mr. HALE. Yes.

Mr. CLAPP. I think this matter can be very easily cleared up. While personally I believe the tariff on boots and shoes is sufficiently high, even with the duty on hides left, the idea of raising the tariff from the rate fixed in the House bill, as I understand the committee, is that boots and shoes, independent of whether there is a tariff on hides or not, require a certain amount of protection against foreign-made boots and shoes.

Mr. HALE. Undoubtedly.

Mr. CLAPP. I do not think they require it. That is the reason the committee takes this action. Then, having restored the duty on hides—which, from the standpoint of the committee, will advance the cost of the material to the manufacturer—and believing that, independently of hides, the American manufacturer requires protection as against the foreign manufacturer, that is the occasion for the committee raising the

duty. I should like to be heard on that subject before we get through here.

Mr. McCUMBER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from North Dakota?

Mr. HALE. Yes.

Mr. McCUMBER. Mr President, this is a very simple proposition in mathematics. If there were no duty on hides and there were no duty upon shoes, there would be no protection. Then, if you place a 15 per cent duty, and only a 15 per cent duty, on hides, there is still no protection whatever; and they balance just the same with the 15 per cent upon both sides. If they are entitled to a duty at all, the shoe manufacturer must be entitled to a duty above 15 per cent, because the 15 per cent is no protection whatever.

Mr. GORE. Mr. President——

Mr. McCUMBER. In just a moment. But there is another feature of the matter that I think ought to be taken into consideration. I doubt very much if there are any of the foreign manufacturers who can manufacture even in a foreign country most of the shoes and import them, but I am certain that some of our great American manufacturers are now building their factories over in Europe. They are supplying the European market in their vicinity with shoes that are manufactured with cheaper labor. All of the manufacturers of shoes are not doing that. If we in this tariff give no protection, with the cheaper labor they can even import those shoes as against the other smaller manufacturers and practically drive them out of business and get the monopoly of the trade practically on both sides of the ocean. I do not want to see them accomplish that.

Mr. HALE obtained the floor.

Mr. STONE. I should like to ask the Senator from North Dakota a question. I wish to ask the Senator from North Dakota if the logic of his position would not apply to leather as well as to shoes?

Mr. McCUMBER. I have not said that it would not apply to leather.

Mr. STONE. The amendment the Senator from Rhode Island has offered raises the duty from 5 to 10 per cent, as I understand it, on leather. You have fixed a duty of 15 per cent on hides. You are raising the per cent on shoes from 15 to 20.

Mr. McCUMBER. There are, of course, many things that must be taken into consideration. The question is whether the 10 per cent and the 5 per cent additional on sole leather is sufficient under all circumstances. The committee seemed to think it was.

Mr. HALE. Mr. President, the last stage of the manufacture that puts the article upon the market, as it is worn by the consumers, the men, women, and children whose feet are shod, has to deal not only with the duty upon hides, but with the duty that we put upon the sole leather that enters into the product. This amendment only relates to the duty upon boots and shoes. The duty upon leather, the Senate having settled what it shall be upon hides, will come up later. All the duty that is put additional upon sole leather which enters into the manufacture of shoes is an additional reason why the final manufacture should be advanced.

I think were it not for my general course of fealty to the committee and my acquiescence in its conclusions, I should move to make the duty upon boots and shoes 25 per cent in lieu of 20 per cent. I do not think that under our system of recognizing the advanced product that that would be an unreasonable duty, considering the duty we put upon hides and sole leather, and that the advanced product has to bear whatever burden comes from that.

But I think, Mr. President, I shall not make that motion. I am content, because hours of discussion will not throw any new light upon this proposition. If the Senate does not recognize that as we advance in the product we advance in the duties, there is no argument I can make that can persuade the Senate. I am so confident in leaving this to the Senate, considering the moderation of the committee in not advancing this duty to 25 per cent, which it is now, after having put up hides to the present duty and proposing to put sole leather beyond the House proposition, I am content to leave it with the real protectionists of this body, who, I am satisfied, will not go back upon this great manufacturing industry.

Mr. GORE. Mr. President, it is not my purpose to discuss this question. I merely wish to propound a question to the Senator from Maine and the Senator from North Dakota. They undoubtedly state the theory of protection correctly. When a specific duty is imposed on a raw material, undoubtedly their theory necessitates an increased differential on the finished product. For instance, if a duty of only 15 cents were levied on the amount of leather necessary to make a pair of shoes, then a duty of only 15 cents on the pair of shoes would undoubtedly be unfair.

But I wish to know if they would apply the same theory when the duties are not specific, but are ad valorem. For instance, assuming, and I take merely a hypothetical case, that the leather necessary to manufacture a pair of shoes costs $1, which is rather high; if there is a 15 per cent duty, it affords only 15 per cent protection to the man who grows the hide. But, assuming that a pair of shoes manufactured from that leather is worth $4, then the same rate of 15 per cent ad valorem affords 60 per cent protection on the finished product. This system is automatic and affords exactly the same measure of protection to the farmer who grows the hide and the manufacturer who makes the shoe. But in the one case it is 15 cents on the hide, and it is 60 cents on the pair of shoes. In other words, a 15-cent specific duty on the hide constituting the shoe is represented by a specific equivalent of 60 cents upon the finished product.

Mr. STONE. Mr. President, when I propounded an inquiry to the Senator from North Dakota about the duty on leather proposed to be fixed at 10 per cent, as against a duty of 15 per cent on hides, it was not with an idea of having the duty on leather raised. It simply occurred to me as being a gross instance illustrating the inconsistencies of the bill.

The Senator was arguing that since the Senate had put a duty of 15 per cent on hides, a higher duty should be put on shoes, because of the larger expenditure of labor, and so forth, in the production, and that that differential should be made in deference to that situation. The thing is exactly reversed when you apply it to leather. There is an additional investment of capital and labor in converting the hides into leather. But here it is proposed to put leather at 10 per cent, whereas you leave the duty on hides at 15 per cent.

My only purpose in calling attention to it, as I said, is to point out what, to me, is a striking instance of inconsistency. For myself I think both hides and leather, yes, and shoes, should go on the free list. There is a far better reason why shoes, for instance, should go on the free list than hides, considered from the standpoint of revenue.

In 1907 the Treasury realized a net revenue of approximately $2,000,000 on hide importations, while it received only $41,000 on the importations of shoes. I am not advised at this moment whether the $41,000 was a net revenue or whether a part of it was afterwards withdrawn on exportation, but I assume not in the case of shoes.

Moreover, Mr. President, if you consider the question from the standpoint of protection, which is the standpoint from which our friends on the other side chiefly view it, then I maintain that there is far less reason for protecting the shoe manufacturer than for protecting the cattle raiser, who produces the hides of cattle. The importations made to this country of shoes are nominal, and all the shoe men say, so far as I know or have heard, that they can, with free leather, take the shoe market of the world; and they are practically doing it now. We are not only not importing shoes to any appreciable degree, but we are large exporters of shoes, and selling them in the markets of the principal states of Europe, within sight of the smokestacks of the factories where shoes are made for the home market and sold in the home market. On the other hand, large amounts of foreign hides from South America are brought into this country. Over $3,000,000 of import duties were collected in 1907; over $18,000,000 of value of that product was brought in and used here in the United States. About a third of it was withdrawn, because of exportation in some form or other.

Whether you consider this question from the standpoint of revenue or from your Republican standpoint of protection, there is infinitely greater reason for levying a protective duty or a revenue duty on hides than on shoes. There is absolutely no excuse or justification found on either standpoint for imposing a differential of this kind in favor of shoes.

Mr. JOHNSTON of Alabama. I wish to say, Mr. President, that we have been advised by several gentlemen who have spoken that the cost of the sole leather in shoes will not average over 4 or 5 cents a pair. If that be so, then the shoes that are composed of uppers and various other articles are untaxed entirely. There is no 15 per cent on upper leather or on any other article that comes into the manufacture as leather.

So if we put a duty of 15 per cent on shoes, we have about three times compensated for the duty on hides. I want to ask the Senator from Maine if the large exportation of shoes from this country and the very insignificant importation do not show that the cost of production is less in this country than in any other country in the world? So, taking these two items together, if you get a tariff of 15 per cent or 20 per cent on all the cost of shoes, including the leather that is not taxed, you

are getting greatly more compensation than that from the duty raised on hides.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island.

Mr. BACON. That is the amendment as to sole leather.

Mr. ALDRICH. As to sole leather.

The PRESIDING OFFICER (putting the question). The ayes have it, and the amendment is agreed to.

Mr. BACON. The amendment offered by the Senator from Rhode Island——

The PRESIDING OFFICER. The amendment offered by the Senator from Rhode Island, increasing the duty on sole leather from 5 cents to 10 cents, has been adopted. The next amendment offered by the Senator from Rhode Island will be stated.

The SECRETARY. On page 179, line 21, strike out "fifteen" and insert "twenty."

The PRESIDING OFFICER. The question is on agreeing to that amendment.

Mr. BACON. I desire the yeas and nays on the amendment——

Mr. CLAY. Mr. President, just a word. If there is any industry in this country that is capable of taking care of itself, it is the boot and shoe industry. If the boot and shoe industry had free hides, I have not any question in my mind but that our country could compete with any country in the world. The testimony taken by the Ways and Means Committee demonstrates that fact to be true.

For the year 1907 we exported $31,321,139 worth of leather, and we exported $10,666,949 worth of shoes, making a total of $41,988,078. We imported for the same time $164,509.30 worth of shoes, and the total amount paid into the Treasury from imports was $41,127.46. Now, we are absolutely exporting our leather shoes to every civilized country in the world. We imported into this country only $164,000 worth in the year 1907.

I recognize the fact that inasmuch as we paid a duty of 15 per cent on hides we must necessarily put on a similar duty in regard to shoes. With free hides and free shoes in this country, we could compete with any country in the world. Then, with the 15 per cent on hides and 15 per cent on shoes, we can compete with any country in the world.

Mr. President, we have the trade of the United States now in regard to boots and shoes, and we have a large part of the trade of all the civilized nations of the earth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. ALDRICH].

The amendment was agreed to.

Mr. ALDRICH. I ask that the other amendments to the paragraph may be agreed to.

The PRESIDING OFFICER. Without objection——

Mr. BRISTOW. Mr. President, I wish to offer an amendment.

Mr. ALDRICH. Mr. President, the other amendments to the paragraph have not yet been agreed to.

Mr. BACON. I had asked for the yeas and nays on that proposition, Mr. President.

The PRESIDING OFFICER. The Chair did not understand the Senator.

Mr. BACON. I asked for the yeas and nays, and I did not know——

The PRESIDING OFFICER. Does the Senator demand the yeas and nays

Mr. BACON. I do; on the 20 per cent proposition.

The PRESIDING OFFICER. The Senator from Georgia asks for the yeas and nays. Is there a second? In the opinion of the Chair, there is not.

Mr. BACON. I hope Senators will not refuse to give us the yeas and nays on that proposition. I ask for a division.

Mr. HALE. If the Senator from Georgia insists, it is so late that I, for one, do not object. Let us have the yeas and nays, Mr. President. That is the shortest way to dispose of the matter.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLINT (when his name was called). I am paired with the senior Senator from Texas [Mr. CULBERSON]. If he were present, I should vote "yea."

Mr. JONES (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. SMITH]. He seems to be absent, and therefore I will withhold my vote. If he were present, I should vote "yea."

Mr. McCUMBER (when his name was called). I have a pair with the junior Senator from Louisiana [Mr. FOSTER]. He being absent, I withhold my vote.

Mr. JOHNSTON of Alabama (when Mr. OVERMAN's name was called). The Senator from North Carolina [Mr. OVERMAN] is absent, and is paired with the Senator from Washington [Mr. PILES].

Mr. SHIVELY (when his name was called). I am paired with the junior Senator from Wisconsin [Mr. STEPHENSON]. I transfer that pair to the junior Senator from Maryland [Mr. SMITH] and vote. I vote "nay."

Mr. SMITH of Michigan (when his name was called). I am paired with the Senator from Mississippi [Mr. MCLAURIN], and therefore withhold my vote.

Mr. WARREN (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. MONEY], and therefore withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. ALDRICH. I call the attention of the Senator from Texas [Mr. BAILEY] to the fact that the Senator from West Virginia [Mr. ELKINS], with whom he is paired, is not present.

Mr. BAILEY. I am obliged to the Senator from Rhode Island for calling my attention to that fact. I voted in the negative, but in the absence of the Senator from West Virginia, I withdraw my vote.

Mr. CURTIS. I am requested to announce the pair of the Senator from Illinois [Mr. LORIMER] with the Senator from Tennessee [Mr. TAYLOR].

Mr. BRIGGS (after having voted in the affirmative). I have a pair with the Senator from Maryland [Mr. RAYNER], whom I do not see in the Chamber. I should like to know if he has voted?

The PRESIDING OFFICER. The Senator from Maryland has not voted.

Mr. BRIGGS. Then I withdraw my vote.

Mr. CLAY. I have been requested to announce that the senior Senator from Tennessee [Mr. FRAZIER] is detained from the Senate by illness. If he were present, the Senator from Tennessee would vote "nay."

Mr. TILLMAN. I want to state that my colleague [Mr. SMITH of South Carolina] is detained from the Senate by sickness.

The result was announced—yeas 32, nays 24, as follows:

YEAS—32.

Aldrich	Carter	du Pont	Oliver
Borah	Clark, Wyo.	Gallinger	Page
Brandegee	Crane	Guggenheim	Penrose
Bulkeley	Depew	Hale	Root
Burkett	Dick	Heyburn	Smoot
Burnham	Dillingham	Johnson, N. Dak.	Sutherland
Burrows	Dixon	Kean	Warner
Burton	Dolliver	Lodge	Wetmore

NAYS—24.

Bacon	Crawford	Gore	Newlands
Bankhead	Cummins	Hughes	Paynter
Bristow	Curtis	Johnston, Ala.	Shively
Chamberlain	Davis	La Follette	Simmons
Clapp	Fletcher	Martin	Stone
Clay	Gamble	Nelson	Tillman

NOT VOTING—36.

Bailey	Daniel	McEnery	Richardson
Beveridge	Elkins	McLaurin	Scott
Bourne	Flint	Money	Smith, Md.
Bradley	Foster	Nixon	Smith, Mich.
Briggs	Frazier	Overman	Smith, S. C.
Brown	Frye	Owen	Stephenson
Clarke, Ark.	Jones	Perkins	Taliaferro
Culberson	Lorimer	Piles	Taylor
Cullom	McCumber	Rayner	Warren

So the amendment was agreed to.

Mr. ALDRICH. Mr. President, I now ask that the other amendments in this paragraph submitted by the committee be agreed to.

The PRESIDING OFFICER. Does the Senator from Rhode Island desire to have the amendment stated, beginning at the bottom of page 178?

Mr. ALDRICH. I am not sure whether the amendments in line 25 of paragraph 448 have been agreed to.

The PRESIDING OFFICER. The Chair is informed that those amendments have not yet been agreed to.

Mr. ALDRICH. Then I ask that they be taken up seriatim.

The PRESIDING OFFICER. The amendments will be stated.

The SECRETARY. In paragraph 448, page 178, line 25, after the word "band, it is proposed to insert "bend;" in the same line, after the word "leather," insert the words "rough leather;" on page 179, line 3, after the word "finished," strike out "chamois and;" in line 6, after the words "ad valorem," insert "chamois skins, 20 per cent ad valorem;" and in line 8, after the words "ad valorem," strike out "patent, japanned, varnished, or enameled leather, 20 per cent ad valorem," and insert "patent, japanned, varnished, or enameled leather weighing not over 10 pounds per dozen hides or skins, 27 cents per

pound and 15 per cent ad valorem; if weighing over 10 pounds and not over 25 pounds per dozen, 27 cents per pound and 8 per cent ad valorem; if weighing over 25 pounds per dozen, 20 cents per pound and 10 per cent ad valorem."

The PRESIDING OFFICER. The question is on agreeing to the amendment. In the absence of objection——

Mr. BACON. I ask that that be put to a vote, Mr. President.

Mr. DOLLIVER. Mr. President, this matter between lines 9 and 17 seems to be in lieu of the House provision respecting the same kind of leather, and it is, from the looks of it, a substantial increase of those rates. I should like to have information as to the effect upon the rates by these changes in classification if the chairman of the committee will kindly furnish it.

Mr. ALDRICH. Mr. President, the rates fixed by the House were evidently fixed with an idea that the duties on hides affected the duty upon enameled leather. The present duty on patent and enameled leather is as follows:

Patent, japanned, varnished or enameled leather, weighing not over 10 pounds per dozen hides or skins, 30 cents per pound and 20 per cent ad valorem.

On those skins the Senator from Iowa will see that there is a reduction of 3 cents a pound and 5 per cent ad valorem. The present law next provides:

If weighing over 10 pounds and not over 25 pounds, 30 cents a pound and 10 per cent ad valorem.

Under the amendment reported by the committee there is a reduction in that case of from 30 cents to 27 cents and from 10 per cent ad valorem to 8 per cent ad valorem.

Mr. PAGE. I do not think the tariff on hides affects this paragraph at all.

Mr. ALDRICH. No; that is what I was going to say. The House evidently had that idea in their minds, as they fixed this rate without reference, apparently, to the present law, and the rates that the committee recommend are in every case a reduction from existing rates.

Mr. LODGE. And I will say, if the Senator will allow me, on this leather there is also very sharp foreign competition.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ALDRICH. I ask that the next amendment be disagreed to.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. In paragraph 448, on page 179, line 17, after the word "leather," it is proposed to strike out the words "and glove leather" and the comma.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. ALDRICH. I ask that the paragraph as amended may be agreed to.

Mr. BRISTOW. Mr. President, I offer the amendment which I send to the desk as a substitute for paragraph 448.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. It is proposed to insert as a substitute for paragraph 448 the following:

Hides of cattle, raw or uncured, whether dry, salted, or pickled, harness, saddles, saddlery in sets or in parts, finished or unfinished, band, bend, or belting leather, rough leather, sole leather, dressed upper, and all other leather; calfskins, tanned or tanned and dressed; kangaroo, sheep, and goat skins (including lamb and kid skins), dressed and finished; skins and bookbinders' calfskins, glove leather, leather shoe laces, finished or unfinished, and boots and shoes made of leather shall be admitted into the ports of the United States free of duty: *Provided*, That articles mentioned in this paragraph, if imported from a country which levies an import duty on like articles imported from the United States, shall be subject to the rate of duty existing prior to the passage of this act.

Mr. ALDRICH. Mr. President, I rise to a question of order. The greater portion of that amendment is not in order, the Senate having voted specific rates upon a large number of these items.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. BRISTOW. Do I understand that a substitute is not in order for this paragraph?

The PRESIDING OFFICER. The Chair does not understand the amendment to be a substitute for this paragraph, but to be a substitute for some other paragraph.

Mr. BRISTOW. No——

Mr. ALDRICH. It will not even be in order to change the rates in this paragraph, for they have been fixed by a vote of the Senate.

Mr. BRISTOW. This paragraph has not been adopted.

Mr. ALDRICH. I understand that; but the rates in it have been adopted by specific votes of the Senate, and they are not subject to change now.

Mr. BACON. Mr. President, it seems to be a question about which there can be very little doubt——

Mr. ALDRICH. In order to test the sense of the Senate, I move to lay the amendment on the table. I think perhaps that is the best way.

The PRESIDING OFFICER. The Senator from Rhode Island moves to lay the amendment on the table.

Mr. BRISTOW. On that I should like to have the yeas and nays.

The yeas and nays were not ordered.

Mr. BRISTOW. I should like to have a count.

The PRESIDING OFFICER. A division is demanded. Those in favor of the amendment will rise and stand until they are counted.

Mr. BRISTOW. I want a division on the question as to ordering the yeas and nays.

Mr. HALE. Let us have the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BRIGGS (when his name was called). I am paired with the senior Senator from Maryland [Mr. RAYNER], and therefore withhold my vote.

Mr. FLINT (when his name was called). I am paired with the senior Senator from Texas [Mr. CULBERSON]. I transfer the pair to the junior Senator from Utah [Mr. SUTHERLAND] and will vote. I vote "yea."

Mr. CLAY (when Mr. FRAZIER's name was called). The Senator from Tennessee is absent on account of sickness.

Mr. JONES (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. SMITH], and therefore withhold my vote.

Mr. McCUMBER (when his name was called). I again announce my pair with the junior Senator from Louisiana [Mr. FOSTER]. He being absent, I withhold my vote.

Mr. McLAURIN (when his name was called). I am paired on this vote with the junior Senator from Michigan [Mr. SMITH].

Mr. JOHNSTON of Alabama (when Mr. OVERMAN's name was called). The Senator from North Carolina is paired with the Senator from Washington [Mr. PILES].

Mr. SHIVELY (when his name was called). I am paired with the junior Senator from Wisconsin [Mr. STEPHENSON]. I transfer the pair to the junior Senator from Maryland [Mr. SMITH], and will vote. I vote "nay."

Mr. WARREN (when his name was called). I again announce my pair.

The roll call was concluded.

Mr. BAILEY. I am paired with the Senator from West Virginia [Mr. ELKINS]. If he were present, I should vote "nay."

Mr. TALIAFERRO. I am paired with the junior Senator from West Virginia [Mr. SCOTT]. If he were present, I should vote "nay."

Mr. BRIGGS. I have a pair with the senior Senator from Maryland [Mr. RAYNER]. I transfer it to the junior Senator from Idaho [Mr. BORAH], and will vote. I vote "yea."

Mr. WARREN. I transfer my pair to the Senator from Mississippi [Mr. MONEY], so that he may stand paired with the Senator from Oregon [Mr. BOURNE], and will vote. I vote "yea."

The result was announced—yeas 33, nays 23, as follows:

YEAS—33.

Aldrich	Clark, Wyo.	Gamble	Penrose
Brandegee	Crane	Guggenheim	Root
Briggs	Depew	Hale	Smoot
Bulkeley	Dick	Heyburn	Warner
Burkett	Dillingham	Johnson, N. Dak.	Warren
Burnham	Dixon	Kean	Wetmore
Burrows	du Pont	Lodge	
Burton	Flint	Oliver	
Carter	Gallinger	Page	

NAYS—23.

Bacon	Crawford	Hughes	Paynter
Bankhead	Cummins	Johnston, Ala.	Shively
Bristow	Curtis	La Follette	Simmons
Chamberlain	Davis	Martin	Stone
Clapp	Fletcher	Nelson	Tillman
Clay	Gore	Newlands	

NOT VOTING—36.

Bailey	Daniel	McEnery	Richardson
Beveridge	Dolliver	McLaurin	Scott
Borah	Elkins	Money	Smith, Md.
Bourne	Foster	Nixon	Smith, Mich.
Bradley	Frazier	Overman	Smith, S. C.
Brown	Frye	Owen	Stephenson
Clarke, Ark.	Jones	Perkins	Sutherland
Culberson	Lorimer	Piles	Taliaferro
Cullom	McCumber	Rayner	Taylor

So Mr. BRISTOW's amendment was laid on the table.

Mr. BRISTOW. Mr. President, I should like to make a parliamentary inquiry. Is it the rule of the Senate that when an amendment fixing a rate in a schedule has been adopted, it is then not in order to offer a substitute for that paragraph before the paragraph itself is adopted?

The PRESIDING OFFICER. The present occupant of the chair will say that that was an amendment to another paragraph of the bill, which had been voted on. But it would be in order for the Senator to offer another amendment in the Senate.

Mr. BACON. O Mr. President——

Mr. NELSON. I think it is a parliamentary rule, universally conceded, that the friends of a measure may perfect a paragraph, may amend it; and after it has been amended and perfected it is open to a substitute for the entire paragraph.

Mr. BACON. Of course; undoubtedly.

Mr. ALDRICH. Not a substitute changing the rate.

Mr. NELSON. I have never heard any parliamentary rule to the contrary.

Mr. ALDRICH. Not a substitute which changes the rates fixed in the paragraph.

Mr. NELSON. A substitute for an entire paragraph, composed of a number of items, is always in order.

Mr. ALDRICH. That is not, perhaps, the question now before the Senate. I will ask that paragraph 453 be disposed of. However, let this paragraph be disposed of first.

Mr. BACON. Mr. President——

Mr. BRISTOW. Mr. President, I think I have the floor.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BRISTOW. Before I yield the floor, I want to state that I had some remarks to make as to why I thought this substitute should be adopted. The motion to lay on the table, therefore, shut off debate. If this amendment or substitute amendment that I offered was in order, then I was taken from the floor in violation of the rule of the Senate, and that is what I wanted to know.

Mr. ALDRICH. Not at all.

Mr. BRISTOW. I offered a substitute for this paragraph after I supposed it had been perfected by the committee and was ready for adoption.

Mr. BACON. Mr. President, with the permission of the Senator from Kansas, I desire to say that I do not think there is any possible question about the fact that he had the right to offer an amendment in the nature of a substitute, or, rather, a substitute in the nature of an amendment. I think, however, the last suggestion of the Senator is not maintainable. It was within the rights of any Senator to move to lay that upon the table.

Mr. McLAURIN. How could he move to lay it upon the table while a Senator had the floor?

Mr. BACON. If the Senator was on the floor to address the Chair, of course the Senator from Rhode Island could not make the motion until he had concluded.

But he would have the right to move to lay it on the table before any vote was taken on it. I did not understand that to be the point of the Senator. I understood the point to be that when the amendment was offered it could not then be laid upon the table.

Mr. BRISTOW. I offered the amendment, and it was read. I proposed then to address the Senate in regard to the amendment. In the meantime the Senator from Rhode Island moved to lay it upon the table. I yielded, not knowing that I was yielding for that purpose; and I am simply trying to find out what is the practice of the Senate, so that in future I may know.

Mr. NELSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Minnesota?

Mr. BRISTOW. I do.

Mr. NELSON. Even assuming that the Senator's amendment was in order, the motion to lay on the table was perfectly in order under our rules. There is no doubt about that.

Mr. BRISTOW. Even while the Senator from Kansas was on the floor for the purpose of addressing the Senate?

Mr. NELSON. Not if the Senator had been recognized and had the floor. I did not understand that to be the case.

Mr. ALDRICH. I ask that the paragraph may be agreed to as amended.

Mr. BRISTOW. Mr. President, I believe I have the floor, have I not?

The PRESIDING OFFICER. The Senator from Kansas has been recognized.

Mr. BRISTOW. I insist on having the floor and being heard. The Senator will not hasten this measure by attempting to take me off the floor until I am ready to sit down, according to the rules of this body. I think I have some of the spirit that the Senator from Idaho has in regard to that. I hope I have in any event.

Now, Mr. President, do I understand I lost the opportunity to discuss the amendment I offered because I did not insist upon being heard and discussing it, and yielded to the motion of the Senator from Rhode Island, without indicating that I had the floor and that I did not yield for that purpose? Am I right in my construction of the parliamentary situation in which I was placed?

Mr. ALDRICH. I ask for the regular order, Mr. President.

Mr. BRISTOW. Mr. President, the regular order, I believe, is that I am asking a parliamentary question.

The PRESIDING OFFICER. The Chair did not hear the question.

Mr. GALLINGER and others. The regular order is adjournment.

Mr. TILLMAN. The regular order is adjournment under the order. I do not want to take the Senator off the floor, but I am very anxious to get out of this hot place.

The PRESIDING OFFICER. The hour of 7 o'clock having arrived, the Senate stands adjourned until to-morrow, Friday, June 25, 1909, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES.

THURSDAY, *June 24, 1909.*

The House met at 12 o'clock noon.

Prayer by the Chaplain, Rev. Henry N. Couden, D. D.

The Journal of the proceedings of Monday, June 21, 1909, was read and approved.

SCRANTON, MISS.

Mr. PAYNE. Mr. Speaker, I present a privileged report (H. Rept. No. 9) from the Committee on Ways and Means, being a bill (H. R. 10887) to make Scranton, in the State of Mississippi, a subport of entry, and for other purposes, and I desire to call up that bill for action at the present time. I therefore ask unanimous consent that it be considered in the House as in the Committee of the Whole. It is simply making this port a subport of entry.

The SPEAKER. The gentleman from New York presents a privileged report from the Committee on Ways and Means and asks unanimous consent to consider the bill in the House as in the Committee of the Whole at this time. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That Scranton, in the State of Mississippi, is hereby made a subport of entry in the district of Pearl River, and the necessary customs officers stationed at said port may, in the discretion of the Secretary of the Treasury, enter and clear vessels, receive duties, fees, and other moneys, and perform such other service as, in his judgment, the interest of commerce may require.

Mr. PAYNE. Mr. Speaker, I now yield to the gentleman from Mississippi [Mr. BOWERS] such time as he desires.

Mr. BOWERS. Mr. Speaker, Scranton, Miss., by this bill, is made a subport of entry. It has been a port of delivery for a number of years. As a matter of fact, and in practice, it has been for forty years a port of entry. That is, vessels have been entered and cleared there under authority of the department just as if it were a port of entry, but recently a ruling was made upon a section of the Revised Statutes which clearly prohibits the entry of vessels at such ports, and upon that ruling the collector was directed to cease the practice of permitting the entry of vessels at Scranton. That port enters and clears about 200 vessels per year. It furnishes cargo for perhaps 100 more. It is about 40 miles distant by rail from the other port of entry in the district of Pearl River. The whole of the Mississippi seacoast is comprehended in one district known as the district of Pearl River. By recalling the permission to enter and clear vessels there, vessels which are bound for that port and which take their cargo there, are both forced to go first through another channel into the port of Gulfport, enter there, and then go out to sea again and come back through another pass to Scranton or Pascagoula, and this involves double pilotage and a delay of two days and an additional cost of about $300 per vessel. The matter has been considered by the Treasury Department, and in a very lengthy communication addressed to the chairman of the Committee on Ways and Means the passage of this bill has been recommended.

Mr. CAMPBELL. Mr. Speaker, will the gentleman yield?

Mr. BOWERS. Yes.

Mr. CAMPBELL. How far is this proposed port of entry from the next nearest port?

Mr. BOWERS. About 40 miles by rail, but a much longer distance by water. The gentleman will understand that in order to get from one to the other with a seagoing vessel you have to go out through the channel and into the Gulf of Mexico and then around by deep water into the channel that leads up into the other. The Government has expended nearly a million dollars in improving the entrance to this port.

Mr. CAMPBELL. Can the gentleman inform the House as to the probable business to be transacted in this port?

Mr. BOWERS. They do a business approximately of $8,000,000 a year in exports.

Mr. CAMPBELL. In exports?

Mr. BOWERS. Yes; it is an export point. There are no imports there at all. It exports lumber and wood products.

Mr. CAMPBELL. What is the necessity then for making it the port of entry, if it is the port of export?

Mr. BOWERS. As I explained a moment ago, to avoid the additional impost upon the vessels. It will cost them over $300 additional to go first to Gulfport and clear and then return to Scranton, and this $300 additional cost of course goes into the freight money and makes a very considerable embargo in the course of a year on the commerce of that place.

Mr. Speaker, that is all I desire to say.

Mr. PAYNE. Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, read the third time, and passed.

Mr. PAYNE. Mr. Speaker, I made an additional report (H. Rept. No. 10) from the Committee on Ways and Means reporting back a Senate bill identical with this, and on the ground that it is a bill raising revenue. The recommendation is that the Senate bill do lie on the table.

The SPEAKER. The gentleman from New York reports back a Senate bill with the recommendation that the same do lie on the table. The Clerk will report the title.

The Clerk read as follows:

S. 2493. An act to make Scranton, in the State of Mississippi, a subport of entry, and for other purposes.

The SPEAKER. Without objection, it is so ordered. [After a pause.] The Chair hears no objection.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Platt, one of its clerks, announced that the Senate had passed without amendment joint resolution of the following title:

H. J. Res. 59. Joint resolution amending an act concerning the recent fire in Chelsea, Mass.

ENROLLED JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled joint resolution of the following title:

S. J. Res. No. 33. Joint resolution relating to the provisions of section 10 of the sundry civil act of March 4, 1909.

APPROPRIATIONS FOR THIRTEENTH DECENNIAL CENSUS.

Mr. TAWNEY. Mr. Speaker, I ask unanimous consent for the present consideration of the following bill, which I send to the Clerk's desk, being a bill appropriating money for the taking of the next census, and I ask that it be considered in the House as in Committee of the Whole House on the state of the Union.

The SPEAKER. The gentleman from Minnesota asks unanimous consent for the present consideration of the following, the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 10933) making appropriations for expenses of the Thirteenth Decennial Census, and for other purposes.

Be it enacted, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for salaries and necessary expenses for preparing for, taking, compiling, and publishing the Thirteenth Census of the United States, rent of office quarters, for carrying on during the decennial census period all other census work authorized and directed by law, including purchase, rental, construction, repair, and exchange of mechanical appliances, to continue available until June 30, 1912, $10,000,000.

The Director of the Census is authorized to designate three commissioners, with the status of special agents, as provided by the permanent census act, to represent the United States in the International Commission for the Revision of the Classification of Diseases and Causes of Death, called by the Government of France to meet at Paris in July, 1909, one of whom shall be chosen from the Census Office, one from the organized medical profession, and one from the organized registration officials of the United States. For the compensation and traveling expenses of said commissioners not exceeding $2,500 of the foregoing appropriation may be expended.

Mr. HULL of Iowa. Mr. Speaker, one question. My understanding——

Mr. MACON. Mr. Speaker——

The SPEAKER. To whom does the gentleman from Minnesota yield?

Mr. TAWNEY. I yield to the gentleman from Iowa first.

Mr. MACON. Mr. Speaker, I reserve the right to object.

Mr. HULL of Iowa. Mr. Speaker, my understanding was that we were to continue the appropriations of last year for a while until further consideration should be given to the whole matter. I simply want to ask if, in view of the fact there is no Committee on Appropriations yet, there has been a consideration by the committee sufficient to justify the appropriation of $10,000,000 at this time?

Mr. TAWNEY. I will say, in answer to the gentleman from Iowa, that the amount of appropriations carried in this bill for the taking of the next census was estimated for by the department at the last session of the last Congress, and the matter was carefully considered by the committee; but in view of the fact that the new census law had been vetoed, was not to be considered or brought up at that session, but was to be brought up at this session, the committee concluded not to recommend to the House the appropriation for the amount for the taking of the census that this bill now carries.

Now, the proposition to extend the appropriations for the fiscal year 1909 and make them available for the first month of the fiscal year 1910 was considered, and it was intended on last Monday to present a joint resolution for that purpose, but the principal cause of difference between the two Houses having been eliminated by the adoption of the amendment of the gentleman from Tennessee in respect to the census bill, and being assured that the conferees are about to agree on a final report, and also in view of the fact that the appropriations must be made now—to-day—or otherwise, the Census Bureau will have to close on next Wednesday evening, I concluded the only thing to do was to present this bill at this time and thereby provide for the appropriation which has been estimated for, which the Committee on Appropriations at the last session of Congress had considered and had agreed to and also avoid the making of a double appropriation for the first month of the next fiscal year. For that reason we present it at this time. I now yield to the gentleman from Arkansas.

Mr. MACON. Mr. Speaker, I want to ask the chairman of the Committee on Appropriations in charge of this bill if he does not think it better to allow a measure of this magnitude, appropriating $10,000,000 in a lump sum, to pass in the regular way, especially when there is no report or anything whatever to advise the membership of the House whether everything contained in this whole $10,000,000 appropriation ought to be there?

Mr. TAWNEY. I will say to the gentleman from Arkansas it is not the purpose to pass this bill out of the ordinary way, but if unanimous consent is given for its consideration, the House will then have all the time and all the opportunity it desires for that purpose—for the purpose of considering it before it is finally voted upon. There is no intent to pass it out of the ordinary way, but the gentleman from Arkansas knows that we have no committees at the present time and the amount carried in this bill, as I stated to the gentleman from Iowa, was estimated for at the last session of the last Congress, and the Committee on Appropriations considered it both in connection with the legislative bill and in connection with the sundry civil bill, so that this is not a matter that I have brought here entirely upon my own responsibility, but an appropriation must be made to-day by the House of some kind, or otherwise the Census Bureau closes on next Wednesday evening.

Mr. MACON. But the salaries of the various employees of the Census Bureau are carried in the appropriation bill.

Mr. TAWNEY. This does not specify the salaries. The salaries that are to be paid out of this lump-sum appropriation are fixed by law, so that it does not relate to salaries at all.

It merely appropriates money to pay the compensation and salaries which are now authorized or will be authorized by the new census law when the conference report is finally agreed upon.

Mr. MACON. Mr. Speaker, I know that I am powerless to prevent the passage of this bill by myself, but I know also that I would not, in my judgment, be discharging the duties of a Representative if I were to sit quietly in my seat and see $10,000,000 appropriated by unanimous consent without even a report in connection therewith. And for that reason I object.

MRS. LAURITZ OLSEN.

Mr. HUGHES of West Virginia. Mr. Speaker, I desire to offer the following privileged report (H. Rept. No. 11) from the Committee on Accounts.

The SPEAKER. The Clerk will read.

The Clerk read as follows:

House resolution 73.

Resolved, That the Clerk of the House be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Mrs. Lauritz Olsen, widow of Lauritz Olsen, deceased, late a messenger on the soldiers' roll of the House of Representatives, the balance of the

salary due him at the date of his death, together with a sum equal to six months of his salary as such employee, and an additional amount, not exceeding $250, for the funeral expenses of said Lauritz Olsen.

Also the following amendment:

Strike out the words:

The balance of the salary due him at the date of his death, together with.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The resolution as amended was agreed to.

MICHAEL FITZPATRICK.

Mr. HUGHES of West Virginia. Mr. Speaker, I desire also to offer the following House Resolution, No. 77 (H. Rept. No. 11).

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 77.

Resolved, That the Clerk of the House be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Michael Fitzpatrick, father of Charles C. Fitzpatrick, deceased, late assistant clerk to the Committee on Indian Affairs of the House of Representatives, the balance of the salary due him at the date of his death, together with a sum equal to six months of his salary as such employee, and an additional amount, not exceeding $250, for the funeral expenses of said Charles C. Fitzpatrick.

Also the following amendment:

Strike out the words:

The balance of the salary due him at the date of his death, together with.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The resolution as amended was agreed to.

WAGES AND MANUFACTURES IN FOREIGN COUNTRIES.

Mr. TAWNEY. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from Minnesota demands the regular order, which is the motion made by the gentleman from New York [Mr. PAYNE] to lay the following resolution on the table, which the Clerk will report.

The Clerk read as follows:

House resolution 72.

Resolved, That the President of the United States, if not incompatible with the public interest, be, and he is hereby, requested to transmit to the House of Representatives copies of all correspondence and papers received by the Department of State through diplomatic channels from any foreign government, except Germany, upon request or suggestion of any Member of Congress, or department, or other official of the United States Government, pertaining to wages or manufactures in the countries from which such information has been received.

The SPEAKER. The question is on agreeing to the motion of the gentleman from New York [Mr. PAYNE].

The question was taken, and the Chair announced that the ayes seemed to have it.

Mr. HULL of Tennessee. Division, Mr. Speaker.

The House divided; and there were—ayes 137, noes 80.

So the motion was agreed to.

The SPEAKER. The Clerk will call the committees.

The committees were called.

WITHDRAWAL OF PAPERS.

Mr. HUBBARD of West Virginia, by unanimous consent, was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of William Linder, Fifty-ninth Congress, no adverse report having been made thereon.

Mr. HUFF, by unanimous consent, was given leave to withdraw papers in the case of Edith Patten, Sixtieth Congress, no adverse report having been made thereon.

CHANGE OF REFERENCE.

By unanimous consent, change of reference of the bill (H. R. 10929) granting a pension to Herbert T. De Lano was made from the Committee on Invalid Pensions to the Committee on Pensions.

THE CENSUS.

Mr. TAWNEY. Mr. Speaker, I offer the bill H. R. 10933—the census appropriation bill—and move that the House resolve itself into the Committee of the Whole House on the state of the Union for its consideration.

The SPEAKER. The bill is referred to the Committee of the Whole House on the state of the Union under the rules. As the Chair understands it, the gentleman from Minnesota offers the bill?

Mr. TAWNEY. Yes.

The SPEAKER. The bill is referred to the Committee of the Whole House on the state of the Union under the rules.

Mr. TAWNEY. Mr. Speaker, I renew my motion that the House resolve itself into the Committee of the Whole House on the state of the Union for its consideration.

Mr. MACON. Mr. Speaker, I make the point of order that the bill is in the hands of the Appropriation Committee, or, at least, has been referred by the Speaker to the Appropriation Committee; that no report has been made upon it; and that it is not properly before the House, inasmuch as the committee has not been properly discharged from the further consideration of it.

Mr. TAWNEY. I will say, Mr. Speaker, that the bill has not been referred to any committee.

The SPEAKER. The gentleman is correct. The Journal does not disclose any record of the bill. The Chair understands that the gentleman from Minnesota——

Mr. MACON. Then I make the point of order——

The SPEAKER. The Chair understands that the gentleman from Minnesota offers the bill from the floor.

Mr. MACON. I make the point of order that the bill is improperly before the House for the reason that it must be referred to the committee and presented by it to the House under the rules before it can be considered in any other manner than by unanimous consent.

The SPEAKER. The Chair overrules the point of order.

The question is on the motion of the gentleman from Minnesota [Mr. TAWNEY].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10933) making appropriations for expenses of the Thirteenth Decennial Census, and for other purposes, with Mr. HULL of Iowa in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill making appropriations for expenses of taking the Thirteenth Decennial Census, and for other purposes. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 10933) making appropriations for expenses of the Thirteenth Decennial Census, and for other purposes.

Mr. TAWNEY. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent that the first reading of the bill be dispensed with. Is there objection? [After a pause.] The Chair hears none.

Mr. TAWNEY. Mr. Chairman, in order that the House may understand that this is not a proposition presented upon my own responsibility, and without investigation, I desire to say that during the last session of Congress the estimates for appropriation for taking the next census were submitted, and as I have said before, considered by the Committee on Appropriations; but because of the peculiar status of the new law or proposed law, authorizing the taking of the new census, the appropriation was not recommended by the Committee on Appropriations; but it was suggested that it await the final passage of that bill. At the beginning of this session of Congress the new Secretary of Commerce and Labor resubmitted the estimates, and submitted them identically in the form in which they were submitted and considered at the last session of Congress. It is estimated that the taking of the next census will cost in the aggregate something over $14,000,000. The amount estimated for the work of taking the census during the next fiscal year will not be less than $10,000,000. The larger part of the expenditure comes in the first year. If the Members of the House will bear with me, I will state the details of the estimates as shown in document No. 5, first session of the Sixty-first Congress:

Supervisors	$1,000,000
Enumerators	4,500,000
Special agents	700,000
Office force	2,100,000
Tabulating machinery	250,000
Cards for tabulating machines	100,000
Alaska	85,000
Porto Rico	160,000
Stationery	150,000
Printing	250,000
Administrative expenses (travel, telegraph, furniture, machines)	250,000
Annual reports	404,000
Total	9,949,000

Now, if gentlemen desire any further information in regard to the bill or the appropriation, I will be very glad to answer any question I can.

Mr. BARTLETT of Georgia and Mr. MACON rose.

Mr. TAWNEY. I yield first to the gentleman from Georgia.

Mr. BARTLETT of Georgia. The gentleman understands that a bill that will pass, or is likely to pass, will provide that the disbursing clerk of the Census Bureau shall give a large bond. He now gives one of $25,000. By reason of the fact of the very large amount that will be paid out by him, in taking the census, which is taken every ten years, the amount of his bond will be increased. Now, does not the gentleman think there ought to be some provision put through permitting the Government to pay the charges caused by this increased premium upon the bond, which amounts to a reduction of the salary of this officer?

Mr. TAWNEY. In answer to the gentleman from Georgia, I would say that I do not think the Government ought to be called upon to pay the premium on any bond issued to any officer or employee of the Government to insure his fidelity. I concede that the proposed census law actually increases the bond of the disbursing officer from $25,000 to $125,000; I also concede that the bonding companies have the right to charge the rates which they do, and which are about 300 per cent in excess of the rates charged last year. I concede also that that will amount to a substantial reduction in the salary of the disbursing officer of the Census Bureau. But while the bonding companies have the right to charge any rate they please, it is also the duty of Congress to provide that their bonds shall not be accepted when the rate is above a certain amount, and thus protect the government employee from extortion. The matter of the premium that should be collected by bonding companies on bonds issued to government officials and employees is a matter under consideration in a bill that will have to be reported to this House later, containing appropriations for some small deficiencies and other matters that must be taken care of; and it is the intention of those who have that in charge to have a provision carried in that bill to remedy the evil spoken of by the gentleman from Georgia.

Mr. BARTLETT of Georgia. I am glad to hear of that. This bill does not make any provision and can not, as it would be a matter of legislation. I merely wanted to know what the gentleman had to say in regard to the matter.

Mr. TAWNEY. The matter has been looked into very thoroughly, and there will be some provision in a bill to be presented carrying general deficiencies and providing for emergencies of that kind. Now I yield to the gentleman from Arkansas.

Mr MACON. Mr. Chairman, I do not want this hot day to unduly exercise the gentleman in charge of the bill.

Mr. TAWNEY. Do not mind me.

Mr. MACON. But I wanted to know how he arrives at the conclusion that it is necessary to appropriate $10,000,000 to take the next census when the law authorizing the taking of that census has not yet been passed?

Mr. TAWNEY. I will say to the gentleman that the estimate by the Secretary of Commerce and Labor is based on the provisions of the bill which both Houses of Congress had agreed to, and are not in conference. The matters in difference between the two Houses do not materially affect the compensation of the employees in the Census Bureau or the cost of taking the census during the next fiscal year.

Mr. MACON. Does the gentleman know about what difference there will be in case the matters in conference are stricken out?

Mr. TAWNEY. No substantial difference whatever.

Mr. MACON. Not if the matters in conference are stricken out?

Mr. TAWNEY. No, sir; the matters in conference will not affect the cost of taking the census.

Mr. MACON. I am talking about those things not yet agreed upon. I desire to ask further, this being an appropriation bill for the purpose of taking the next census, and there has been no law yet passed authorizing the taking of it—I want to ask the gentleman candidly if this appropriation is based upon existing law, or if there is any law authorizing an appropriation which is carried in this bill?

Mr. TAWNEY. There is a law authorizing the taking of the next census. That law stands until it is repealed, and whether the census is taken under that law or a new law the cost of taking it will exceed the amount carried in this appropriation bill.

Mr. MACON. Then, of course, it would not be material.

Mr. TAWNEY. The matters of difference between the two Houses are in regard to appointments, and do not relate to the cost of taking the census.

Mr. MACON. I thank the gentleman. I wanted to get the information.

Mr. SHERLEY. Will the gentleman from Minnesota yield to me for a question?

Mr. TAWNEY. Certainly.

Mr. SHERLEY. I would like to ask the gentleman if there have been any hearings as to these various items?

Mr. TAWNEY. There have been hearings; I do not know that there is any record of them.

Mr. SHERLEY. Before any committee of the House?

Mr. TAWNEY. Before the legislative committee which made up the last legislative bill. At that time the subject was gone into, and I was reading the hearings taken before the legislative committee on this proposition this morning.

Mr. SHERLEY. But there has never been any hearing on the various items, showing whether they are sufficient or excessive?

Mr. TAWNEY. I do not know that there have been any extensive hearings to the extent of determining whether or not the amounts here estimated are in excess or are only sufficient to meet the requirements of the law authorizing the expenditure of particular branches of the service in taking the census.

Mr. SHERLEY. What I am coming to is this: Here is a bill authorizing the appropriation of $10,000,000 for certain purposes. Now, under this bill it would be within the power of the Census Bureau to use any part of that $10,000,000 for any one of the purposes enumerated in the bill, and the gentleman has too often lectured the House on that kind of legislation to now defend it. It does seem to me, in all seriousness, that the bill ought to carry sufficient details to prevent the use of any amount of the $10,000,000 for any particular purpose. For instance, here in the estimates are amounts for supervisors, special agents, and administrative expenses, and various things of that kind, and yet the bill itself simply gives $10,000,000, all of which could be used for any one of these purposes.

Mr. TAWNEY. I think the gentleman from Kentucky is clearly mistaken in that.

Mr. SHERLEY. I will read the bill to him.

Mr. TAWNEY. If the gentleman will pardon me, the appropriation is for taking of the census. Now, the bureau or the Department of Commerce and Labor could not take the $10,000,000 and devote it to any one single purpose connected with the taking of the Thirteenth Census.

Mr. SHERLEY. What is to prevent it?

Mr. TAWNEY. Simply because he is required by law to take the census and that requires expenditures for all the purposes mentioned in the law under which the census will be taken.

Mr. SHERLEY. The gentleman does not mean seriously that there is any line or section in this bill that determines how much of the $10,000,000 shall be expended for administrative purposes, or how much for enumerators, or anything of that kind?

Mr. TAWNEY. The law provides how much shall be paid the enumerators and what shall be paid for these various services.

Mr. SHERLEY. But the director might take so much for one thing and so much for another, and so much for paying traveling expenses, and create a deficit in those matters that Congress would have to give the additional sums necessary to cover such deficit.

Now, in all seriousness, I submit to the gentleman——

Mr. TAWNEY. Well, Mr. Chairman, I am glad to know that the gentleman was not serious.

Mr. SHERLEY. Well, perhaps there is many a thing said in jest that may be meant in earnest; and whether in jest or not, it strikes me that the gentleman is occupying a peculiar position on the floor. For some weeks the House has been doing nothing, absolutely marking time, and now a bill involving $10,000,000 is brought in, and there is not a single provision in the appropriating act that looks to the safeguarding of the expenditure of that money. I do not desire to embarrass the Speaker of the House by requiring him to unduly and too early appoint committees. That seems to be a tragic affair, and yet, rather than have this money appropriated this way, it seems to me it might have been in the interests of good legislation to have appointed a committee that could have considered the matter these days when we were simply doing nothing, and have brought in a bill that would be in keeping with the gentleman's own argument repeatedly made on this floor. No man either in committee or out of committee has been more strenuous in favor of detailed appropriations to prevent the diverting of them to improper purposes, and I submit to the gentleman that he ought to at least amend the bill to the extent of putting in the heads that appear in this document No. 5. That would protect us in some small degree.

Mr. LIVINGSTON. Will the gentleman yield?

Mr. TAWNEY. I yield to the gentleman from Georgia.

Mr. LIVINGSTON. Mr. Chairman, does this bill and the amount it carries cover either the purchase of ground or the erection of a new building?

Mr. TAWNEY. It does not.

Mr. LIVINGSTON. It can not be strained in that way?

Mr. TAWNEY. It can not be used for that purpose at all. There is no authority in the bill for it.

Mr. LIVINGSTON. One other question. Provided the pending census bill passes, I see that carries an amount for these two items, the condemnation of grounds and for the erection of a new census building. Now, if that new bill passes as it is now, can they draw from this fund appropriated by this bill any of that money?

Mr. TAWNEY. They can not under any circumstances, because that is a specific appropriation for a specific object, and they can not divert any part of the money carried in this bill—which is appropriated for another specific purpose—to the erection of a building or the purchase of any ground.

Mr. KEIFER. Will the gentleman yield?

Mr. TAWNEY. I yield to the gentleman from Ohio.

Mr. KEIFER. Mr. Chairman, it is my purpose to call attention to the fact that this appropriation is necessary, whether the pending census bill becomes a law or not. It will be remembered that the census bill passed for the Twelfth Decennial Census provided for its continuance in the taking of subsequent censuses in the United States, so that this appropriation is essential, whether we pass the act that is now pending in conference or not. But to further answer the suggestions made that this proposition to appropriate $10,000,000 is too general, I call attention, Mr. Chairman, to the concise language used in the bill. It provides specifically that this appropriation shall only be made for census "work authorized and directed by law." I use the language of the bill, so that it can not be said, as stated by the gentleman from Kentucky [Mr. SHERLEY], that the $10,000,000 or any particular part of it could be applied to any part of the census work except such part as is authorized and directed by law. In other words, this bill is simply an appropriation pursuant to law and can only be used in pursuance of law, whether according to the law now in force or according to a bill which becomes a law in a day or a week. The proposed appropriation will have to be used as authorized and directed by law, and not otherwise.

Now, Mr. Chairman, I wanted to ask the chairman of the committee something about the last clause of the bill. That clause provides that the Director of the Census "is authorized to designate three commissioners, with the status of special agents, as provided by the permanent census act, to represent the United States in the International Commission for the Revision of the Classification of Diseases and Causes of Death." Then it proceeds to state that there shall be chosen from the Census Office "one from the organized medical profession and one from the organized registration officials of the United States." Who constitutes the "organized medical profession" of the Census Office is my first inquiry?

Mr. TAWNEY. There is a gentleman in charge of the vital statistics in the Census Office who has charge of this whole subject, and is one of the men to be selected for the purpose of representing the Government at this conference.

Mr. KEIFER. Is he classified in the Census Office as a member of the "organized medical profession?"

Mr. TAWNEY. I think he is.

Mr. KEIFER. I am under the impression that there is some mistake about that, and I think there ought to be a provision in this bill which will avoid any difficulty which may grow out of the language used in this bill.

Mr. TAWNEY. There will be no difficulty about that, I will say to the gentleman from Ohio [Mr. KEIFER], for the reason that that is the language which the Director of the Census himself prepared and under which he will act.

Mr. KEIFER. I only desired at this time to call attention to it.

Mr. LANGLEY. The language of the bill is, "one from the organized medical profession" and "one from the organized registration officials of the United States."

Mr. KEIFER. What status has the organized medical profession in the Census Office?

Mr. LANGLEY. That refers to the organized medical profession, not in the Census Office, but outside associations—the American Medical Association and the American Public Health Association. The chief statistician for vital statistics of the Census Office, who is to be one of the delegates, is a member, I understand.

Mr. KEIFER. I think the word "organized" ought to be stricken out, because I do not think there is any organization of the medical profession in the——

Mr. LANGLEY. I think that may be superfluous, but it can do no harm, and may be advisable.

Mr. BURNETT. What is meant by the reference there to the "organized registration officials of the United States?"

Mr. TAWNEY. We have an organization of registrars in the United States. They are officials created under state laws—I do not know that I can answer definitely as to their functions, but they keep a record of the vital statistics of their State. They are called registrars, and one of them is to be put on this commission.

Mr. BURNETT. We have registrars down in our State who register the voters. I do not know about any registration officials of statistics, though. What is their business?

Mr. LANGLEY. These organizations are cooperating with the officials of the Census Office on the subject of vital statistics, to get uniformity of registration, and so forth.

Mr. BURNETT. Are they officials of the census?

Mr. TAWNEY. One of them.

Mr. BURNETT. I know; but these registration fellows?

Mr. TAWNEY. No; they are not.

Mr. BURNETT. They are not members of the Census Bureau at all? Then, who are they, and what are they?

Mr. TAWNEY. They are just what the bill says they are to be.

Mr. BURNETT. That is satisfactory. The gentleman knows more about it than I do. [Laughter.]

Mr. BURKE of South Dakota. Mr. Chairman, I desire to ask the gentleman a question. If I understand the gentleman in charge of this bill, if this or some other appropriation is not made, then the Census Bureau will have to be closed at the end of this month?

Mr. TAWNEY. The Census Bureau will have to close on next Wednesday evening unless this appropriation or some other bill passes between now and then, and there will be but one more legislative day that the matter could be considered by the House, and if we wait until next Monday, the chances are that, owing to the situation in the Senate, it might not pass——

Mr. BURKE of South Dakota. Now, will the gentleman tell the committee why the appropriation was not made by the last Congress for the Census Bureau for the next fiscal year?

Mr. TAWNEY. I will say to the gentleman from South Dakota that the reason is this: In the first place, it was presented to the Committee on Appropriations, and that committee concluded that the only practical way to appropriate for taking the next census would be in a lump sum. The appropriations for taking all the previous censuses have been made in lump-sum appropriations.

Now, in the organization of the temporary force it was proposed to amalgamate the permanent force with the temporary force during the census period of three years. That could not be done; you could not well organize or conduct the two organizations, one for a temporary purpose and the other for a permanent purpose, in the same organization and working on the same identical work. For that reason it was deemed advisable, when the legislative appropriation bill was prepared, to cut out the permanent Census Bureau entirely from the legislative appropriation bill and to include the appropriations for the permanent force, as well as the temporary force, in the general appropriation for the taking of the next census.

Mr. BURKE of South Dakota. Just one more question. How much of this appropriation will be used between now and the reconvening of Congress next December in the taking of this new census over and above the usual expenses of the Census Bureau?

Mr. TAWNEY. I am unable to answer the gentleman's question.

Mr. BURKE of South Dakota. The purpose of that inquiry was to know if the adoption of a resolution continuing the appropriation for the Census Bureau in the last Congress until the next session of Congress would be sufficient.

Mr. TAWNEY. I will say to the gentleman that would be inexpedient; in fact, the delay thus far in securing the appropriations and the enactment of a law for taking the next census will possibly necessitate the abandonment of the enumeration from April 1, as was intended, until July 1.

Mr. BURKE of South Dakota. Can not the gentleman in charge of the bill give us some idea of just how much will be used in the taking of the next census between now and next December?

Mr. TAWNEY. I will say to the gentleman that the amount carried in the legislative bill for the permanent Census Bureau for the current fiscal year is a little over $1,100,000, but it will be necessary to begin the organization at the beginning of the next fiscal year for the taking of this census, and this appropriation is necessary for that purpose.

Mr. BURKE of South Dakota. There will not be any great expense until such time as the supervisors and the enumerators are appointed, will there?

Mr. LANGLEY. Yes; there will be considerable expense that could not be met by merely continuing the permanent appropriation, as has been suggested.

Mr. TAWNEY. I suppose the gentleman is aware of the law that prevents any executive officer from making an appointment until the appropriation has been made to compensate him for the services for which he is to be employed. Therefore it would be impossible, unless we carried the appropriation necessary to compensate the employees that will have to be engaged in taking the census, for him to employ anybody under that general law.

Mr. BURKE of South Dakota. They can make appointments now, can they not?

Mr. TAWNEY. They can not.

Mr. BURKE of South Dakota. Why not?

Mr. TAWNEY. Because there is no appropriation for it.

Mr. BURKE of South Dakota. There is an appropriation for the maintenance of the Census Bureau, is there not?

Mr. TAWNEY. Yes; but those positions are all filled now.

Mr. BURKE of South Dakota. If they are all filled and the money is absorbed, I can appreciate that the gentleman's statement is correct.

Mr. LIVINGSTON. There is no appropriation for the permanent census beyond the 30th of June.

Mr. LANGLEY. The pending census bill provides that the supervisors must be appointed not later than the 15th of October. That provision has been agreed upon by both Houses, and that is one of the reasons why the gentleman's suggestion can not be adopted. I could give others.

Mr. TAWNEY. I will state that under the general law it is not possible for an executive officer to appoint a man to a position until an appropriation has been made to compensate him for the service.

Mr. BURKE of South Dakota. I want to say to the gentleman from Minnesota that I have always heretofore followed him in matters of appropriations, but I am in sympathy with what the gentleman from Kentucky [Mr. SHERLEY] says, namely, that this is rather an unusual proceeding for him to bring before the House.

Mr. TAWNEY. I will say, Mr. Chairman, in answer to the gentleman from Kentucky [Mr. SHERLEY] and the gentleman from South Dakota [Mr. BURKE], that I am as much opposed to lump-sum appropriations as they are, or any other Member of this House, when such appropriations are for an established service—one that has existed long enough to enable the department to classify and estimate accurately the annual cost of such service. But in the performance of this service, the taking of our census, it is absolutely impossible, in my judgment, to estimate or to appropriate specifically for all branches of that service. It is in the nature of a temporary service, involving a great variety of subjects in organizing for it. It is also a fact that Congresses in the past when appropriating money for the taking of the census have found the same difficulty that we have in trying to segregate these items and appropriate for them specifically.

Mr. SHERLEY. Does the gentleman mean to tell the committee that he considers it impossible to have a detail, for instance, as to the money that should be expended for rent of quarters?

Mr. TAWNEY. Yes; it is impossible—absolutely impossible—at this time to do it, unless the estimate were so as to cover any and all possible contingencies.

Mr. SHERLEY. I am not speaking of this time. I am speaking of the position that he has permitted himself and his party to get into. I am speaking of the position that the committee might have taken by having hearings on the different matters. The answer to the gentleman comes from the report of the department itself, which does give the details, and which at the proper time I shall seek to embody by amendment in this bill.

Mr. LANGLEY. The department recommended that this lump-sum plan be adopted.

Mr. SHERLEY. Every department in Washington recommends a lump sum, and Congress has fought for years to prevent lump-sum appropriations, because they always lead to extravagance and misuse of funds.

Mr. LANGLEY. But it can not be itemized in this instance.

Mr. SHERLEY. That is simply nonsense. What big mystery hedges about the Census Bureau and its work that it should be excepted from all the well-known safeguards connected with legislation?

Mr. LANGLEY. No man can tell now how many clerks, for instance, even within a few hundred, that will be necessary from time to time in the taking of the census.

Mr. SHERLEY. That is a fact not unknown to every Member of the House.

Mr. LANGLEY. But it is a fact.

Mr. SHERLEY. Of course it is a fact; but you do not appropriate down to a penny; we will be appropriating deficiencies all the time. The gentleman from Minnesota himself has served notice that he intends to bring in a bill covering some of the deficiencies. But because you can not mathematically determine the number and give the names of all employees that are to be provided for in this appropriation of $10,000,000, is the department to be left entirely free and their judgment to be taken instead of that of Congress?

Mr. LANGLEY. There are a great many that are in the permanent force, and the existing law will govern the salaries for them.

Mr. SHERLEY. The gentleman is mistaken.

Mr. LANGLEY. I take it that my colleague is as likely to be mistaken as I am.

Mr. CLARK of Missouri. I want to ask the gentleman a question.

Mr. TAWNEY. I yield to the gentleman.

Mr. CLARK of Missouri. The amount carried in this bill is $10,000,000, as I understand it. How much was carried in the bill of ten years ago?

Mr. TAWNEY. The first appropriation was $1,000,000, and subsequently it was made $9,000,000—$10,000,000 altogether. The total cost of taking the last census was $12,500,000.

Mr. CLARK of Missouri. Now, you said that this estimate for $10,000,000 was sent to the last Congress?

Mr. TAWNEY. Yes, sir; and has been sent to this Congress.

Mr. CLARK of Missouri. Well, they were made up during the last administration?

Mr. TAWNEY. Yes, sir.

Mr. CLARK of Missouri. The extravagant administration. [Laughter.] That was before the economical streak had struck the present administration, was it not? [Laughter.]

Mr. TAWNEY. I do not know.

Mr. CLARK of Missouri. Now, I want to ask you another question. It is stated in the papers that the Secretary of War has lopped $46,000,000 off the estimates for the army next time, and that the Secretary of the Navy has lopped off $22,000,000 from the estimates for the navy. Now, if you were to turn this over to the gentlemen down at the Census Bureau, might they not scale this down a couple of millions on the same principle of economy ruling now?

Mr. TAWNEY. If the gentleman will pardon me, I will read what the director said:

> This is the exact amount appropriated at the beginning of the last decennial census, $1,000,000 having been appropriated in the Twelfth Census act of March 3, 1899, and $9,000,000 in the sundry civil bill of June 6, 1900. The coming census is a larger undertaking than the last one, and the initial appropriation should be at least as large as ten years ago, to avoid all danger of deficiency.

Then I have here a letter from the present Secretary of the Interior.

Mr. CLARK of Missouri. What date was that letter?

Mr. TAWNEY. That letter is dated March 20, 1909.

Mr. CLARK of Missouri. That was the one you just read?

Mr. TAWNEY. March 20, 1909. To the Secretary of Commerce and Labor.

Mr. CLARK of Missouri. Who wrote that letter?

Mr. TAWNEY. Director North.

Mr. CLARK of Missouri. He is out.

Mr. TAWNEY. Yes, sir; he is out.

Mr. CLARK of Missouri. Maybe the new one is more economical than he.

Mr. TAWNEY. And in this letter he says:

> This estimate was accompanied by an itemized statement, made by the Director of the Census, of the probable cost of the Thirteenth Census, which is annexed hereto. This estimate puts the approximate cost of the work at $12,930,000, to which is added $1,187,000 required to carry on the annual statistical work of the bureau during the three-year decennial period, making the total sum required for that purpose $14,117,000.
>
> The director urged that the entire amount be appropriated at once, to be continuously available until June 30, 1912. In view of the fact that the deficiency in the revenues of the Government is likely to be somewhat larger than was anticipated, it is now suggested that the appropriation be limited to the expenses that must be incurred during the fiscal year beginning July 1, next.

Mr. CLARK of Missouri. Now, it was Mr. North who wrote that letter?

Mr. TAWNEY. Yes, sir.

Mr. CLARK of Missouri. Was he not fired, partly on the ground that he was too extravagant in his estimates?

Mr. TAWNEY. I do not know on what ground he was fired, or whether he was fired at all, but I do know it was not on account of extravagance. I know the Secretary of Commerce and Labor transmitted Mr. North's letter to the Secretary of the Treasury and the Secretary of the Treasury transmitted it to Congress, and since the new director has been appointed Secretary Nagel has approved of Mr. North's estimates as originally submitted.

Mr. CLARK of Missouri. He was separated from the public crib at any rate, was he not?

Mr. SHERLEY. What was the amount of the first appropriation of the census ten years ago?

Mr. TAWNEY. One million dollars was carried in the law authorizing the taking of the census.

Mr. SHERLEY. And the large sum appropriated did not follow until the next sundry civil bill.

Mr. TAWNEY. That was the lump-sum appropriation carried in the sundry civil bill for the fiscal year preceding the taking of the census.

Mr. SHERLEY. Now, will the gentleman from Minnesota explain this language of his witness, Mr. North? On page 3 of this report Mr. North says:

> This is the exact amount appropriated at the beginning of the last decennial census, $1,000,000 having been appropriated in the Twelfth Census act of March 3, 1899, and $9,000,000 in the sundry civil bill of June 6, 1900. The coming census is a larger undertaking than the last one, and the initial appropriation should be at least as large as ten years ago, to avoid all danger of deficiency.

Now the gentleman is asking that it be ten times as much as it was ten years ago.

Mr. TAWNEY. If the gentleman from Kentucky can not see any distinction between the conditions at the time the law passed authorizing the taking of the census, when a million dollars was appropriated, and the conditions which obtain now, when there is no money appropriated at all and when we are on the eve of beginning to take the census, I am unable to enlighten him.

Mr. SHERLEY. The gentleman from Kentucky will say that he is unable to see how it would be possible to expend between now and the time when Congress will be in regular session $10,000,000, and I ask the gentleman if he believes that that sum or anything like it could be expended?

Mr. TAWNEY. During the next fiscal year?

Mr. SHERLEY. I did not say that. I said between now and the time we will meet in regular session when the appropriation committee can deal with this subject.

Mr. TAWNEY. Does the gentleman mean to say that the Director of the Census or the Secretary of Commerce and Labor would be authorized to appoint men under the existing census law, or under the law which is now proposed to be enacted, if it is enacted, without an appropriation having first been made therefor?

Mr. SHERLEY. No.

Mr. TAWNEY. How would the department prepare for taking the census if we had to wait for the beginning of the work of preparation until next January?

Mr. SHERLEY. I did not say that we should wait until then. I did say they only need money enough to pay for the beginning of the work and not for all of the work.

Mr. TAWNEY. They have to select their enumerators; they have to select supervisors and the entire field force.

A MEMBER. But they do not have to pay them.

Mr. TAWNEY. No; but he can not appoint them until the appropriation is made.

Mr. SHERLEY. The gentleman from Minnesota knows that there will be nothing like $10,000,000 needed for the payment of salaries of the men who will be appointed to office between now and the 1st of January.

Mr. MACON rose.

Mr. TAWNEY. I will yield to the gentleman from Arkansas.

Mr. MACON. In response to what the gentleman from Minnesota has just said, I would like to ask him if he thinks that if Congress were to pass a law creating a particular office with a salary of $5,000 a year, the President would not be authorized to fill that office by appointment until after the appropriation was made?

Mr. TAWNEY. No; he would not be authorized to appoint him.

Mr. MACON. Then, the appropriation carries the authority and not the law authorizing the appropriation, according to the gentleman's statement.

Mr. TAWNEY. No; not at all. No executive officer can appoint a man to a position in the government service without authority of law, and not then until the appropriation has been made for his compensation.

Mr. MACON. I will ask the gentleman if he does not think that the enumerators could be tacitly engaged and the supervisors agreed upon with their salaries to begin next January?

Mr. TAWNEY. What for? Why should we do that; why should we put ourselves into such a ridiculous position?

Mr. MACON. In response to the gentleman from Minnesota, I ask why we put ourselves in the ridiculous position of tying up $10,000,000 in anticipation of something that is going to happen many months in the future, when the next regular session of Congress could pass a law to take care of that situation?

Mr. TAWNEY. Mr. Chairman, I ask for the reading of the bill.

Mr. GILLETT rose.

Mr. TAWNEY. I will yield to the gentleman from Massachusetts.

Mr. GILLETT. I think I will be recognized in my own time.

Mr. TAWNEY. Then I reserve the balance of my time.

Mr. GILLETT. Mr. Chairman, I dislike exceedingly to criticise anything that comes from the late chairman of the late committee of which I was lately a member. But there is one phase of this bill to which I wish to direct the attention of the committee, and that is that if this appropriation passes as suggested, we have passed a census bill. We have made an appropriation of $10,000,000, and the present existing census bill is in force. Now, I suppose everybody admits that the census bill which is now with the conferees is better than the present census law except in one particular, and I suppose the majority of the House and the majority of the Senate think that the old census bill is better in the particular that it gives to the House and to the Senate the patronage. Now, it is perfectly obvious that if four of the conferees, for instance, prefer the old bill to the pending bill, all they have to do, if we pass this appropriation, is to sit quietly, refuse to make any report, and then the appropriation is made for taking the census under the old bill.

The House and the Senate have the patronage under that bill, as they did before, and if nothing affirmative is done except this appropriation they will still have the patronage for the coming census. I do not charge that that is the programme, but I think that if it was the purpose of anybody to effect that result, if anybody wished and cared more for the patronage than for the improvements of the new bill, they would adopt this very scheme which is now being carried out.

Mr. HAY. Will the gentleman yield?

Mr. GILLETT. Yes.

Mr. HAY. Could not the President, under the bill providing for the taking of the Twelfth Census, which the gentleman says might be the bill to take the Thirteenth Census, issue an executive order putting all those employees under civil service?

Mr. GILLETT. I can not answer offhand whether he could or not, but that of course is an evasion, because the contest that went on in this House over that question of patronage did not admit any such possibility. As I say, I do not charge that is the purpose, but I do say that if there was a purpose to accomplish that result, this is the natural way that purpose would be carried out.

Mr. CRUMPACKER. Will the gentleman yield for an interruption?

Mr. GILLETT. Yes; not for an interruption, but for a question. The gentleman can take the floor in his own time.

Mr. CRUMPACKER. Will the gentleman yield me a minute or two later on?

Mr. GILLETT. Yes.

Mr. SCOTT. Will the gentleman yield?

Mr. GILLETT. Yes.

Mr. SCOTT. The gentleman has suggested what might happen if this procedure is followed. Will he advise the committee what procedure he would recommend as a substitute?

Mr. GILLETT. Certainly. The procedure I would recommend is this: I admit that an appropriation should be made immediately, but there is no need of making an appropriation of $10,000,000, and I would suggest this, that we continue the present appropriations for one month or appropriate $100,000, which is all that is required to carry it on for one month, and then let us find out whether the pending census bill is going to become a law or not. If it does, we can then pass this appropriation. If it does not become a law, let us make the appropriation openly and not covertly attain this end. The whole progress of this census bill has evinced a sort of unwillingness to face the patronage issue, and I confess might make a suspicious person think that this was another attempt to evade it.

I remember very well when the census bill first came up a year ago last winter and we reached the section just preceding the section which provided for the patronage. On that immaterial section I remember I was surprised at the amount of trivial amendments which were offered and debated. I could not understand it. Then I noticed that the committee rose before the usual hour, and the next day, when the section treating of patronage should have been reached, the bill was not called up. It was not called up again that whole session, and it occurred to me, and undoubtedly to others, that this was possibly because Members of the House—we were then just before an election—did not care, some of them, to face their constituents after having voted for patronage, and that therefore it was allowed to go over to the next year, after election. So the bill slumbered all of that session. The next year after election it was taken up. We had the contest over the question of patronage and it was decided both by the Senate and the House that we should keep it.

The bill went to the President and came back with his veto. That veto was, if we can judge by the press, overwhelmingly and almost unanimously sustained by public opinion. Public opinion, if the newspapers were a fair gauge, did not think that the House and the Senate ought to divide among themselves the patronage of these clerks. What course was taken upon that veto? Ordinarily, when a veto comes in, we immediately have a vote to see whether it can be passed by a two-thirds vote over the President's veto, but that did not happen here. For the first time I remember since I have been in Congress a motion was made that the veto message be referred to the committee. What the purpose of that was, I can only suspect, but it may have been to count noses and to find out whether a two-thirds vote could be obtained, and if it could not, that men need not subject themselves to the apparent unpopularity which the press had evinced would follow from voting against the President's veto. I suspect they found it would not pass Congress. It slumbered, and the bill was never brought up again that session. They waited, I presume, for the incoming President, to see if he would have different views on the subject, and would allow what the House and Senate desired. It was found that he had not, that he had the same opinions as his predecessor in this respect, and therefore the bill was passed by the House and Senate with the provision that the President desired.

Then it went to the conferees, and it has slumbered there either in conference or on the Speaker's table until now, the 24th of June. For the last six weeks, I think, it has been on the Speaker's table. It could have been called up at any time, and in my opinion ought to have been called up; but here we have been dragging along all summer, doing nothing, and the census bill was not taken up until last Monday; and now, on the very last of June, the last day, as the gentleman from Minnesota says, when action must be taken, it is brought up, and the House is told we must appropriate this money because it is so late. As I say, it looks to me as if a suspicious person might think it has been done for the purpose of having a new census taken under the old census law, so that the House and Senate might again have the patronage. If this bill had gone quietly through and no question had been raised, and then the conferees, for instance, had disagreed or one House refused to pass the bill, the old law would have been in force, and probably nothing would have been thought about it; but I think it is my duty to call the attention of the House to the result that would follow, that might follow, if this bill was passed, and I think——

Mr. BUTLER. Mr. Chairman——

Mr. GILLETT. I think we on this side of the Chamber, who are responsible for legislation, would not stand well before the country if we in such a way as this evaded the issue—did not dare to face it—and in this indirect method give ourselves patronage which we apparently did not dare to give ourselves directly. Now, I think the gentleman from Minnesota ought to amend his resolution. I think he ought simply to make an appropriation continuing the present appropriations for a month, or appropriating some sum, something like $100,000, which is ample for a month, and then after that let us wait and see what the conferees of the census do; and then we can vote knowingly and openly, and there will be no possibility of any indirection or stealth.

Mr. BUTLER. What the gentleman says is generally to the point and always impresses us, but it does not reach me this time. I understand the gentleman to apprehend if we pass this bill and make an appropriation of $10,000,000 it might in some way sort of asphyxiate the conferees, in which event we would be compelled to take the census under the old law. Do I understand the gentleman correctly? Do the conferees have in them now the power to indefinitely postpone action on the bill?

Mr. GILLETT. I would not use such disrespectful language to my distinguished friend from Indiana, but the gentleman has suggested what I think might result.

Mr. BUTLER. Is it desirable that we should have the census taken?

Mr. GILLETT. I think it is.

Mr. BUTLER. Have we any way by which we can move these conferees to action? Will the passage of this appropriation with the enormous sum of $10,000,000, does the gentleman think, have any effect upon the conferees and be likely to put them to sleep politically?

Mr. GILLETT. The gentleman has not followed my remarks if he does not appreciate that I said a suspicious person might think just that would happen.

Mr. BUTLER. I understand. I wish to ask him a further question. Do you think we should take the census——

Mr. GILLETT. Surely.

Mr. BUTLER. The Constitution requires us to take the census, and if the conferees do not report we will have to take it under the old law.

Mr. GILLETT. Certainly.

Mr. BUTLER. And this money will be necessary to pay the expenses under the old law. They must be paid under either the new law or the old law?

Mr. GILLETT. Certainly.

Mr. BUTLER. Now, if we appropriate $100,000, does the gentleman think the Director of the Census would be justified in making these appointments and preparing for this great work?

Mr. GILLETT. Why, Mr. Chairman, of course the appropriation of $100,000 just covers one month and is to be followed by another appropriation for another month and year.

Mr. BUTLER. But my friend will pardon me; we will not be in session another month.

Mr. GILLETT. Indeed we will.

Mr. BUTLER. Oh, no; it is not anticipated by anybody that the session will be prolonged. We will be sure to go away by the 1st or the middle of July.

Mr. GILLETT. We will have plenty of time before we get away to pass an appropriation bill for the census. It would be done undoubtedly by unanimous consent. Nobody would object.

Mr. CLARK of Missouri. Will the gentleman venture an explanation as to why they did not pass that bill over Roosevelt's veto?

Mr. GILLETT. I do not know why they did not.

Mr. CLARK of Missouri. Did it not grow out of the unfortunate habit he had of fighting back?

Mr. GILLETT. I do not know. I was not on the committee.

Mr. CLARK of Missouri. Do you think that patronage is really a thing that is calculated to increase a man's strength in his own district?

Mr. GILLETT. Being a Yankee, I will retort by asking you if you do not think a majority of this House want the patronage?

Mr. CLARK of Missouri. I hardly think they do. I will tell you what I do think. I think this effort to concentrate this census force here in the District of Columbia is a proposition upon which, if you were to go to the country with it, you would get beaten 100 to 1. You can not remodel human nature, and it is human nature that the young folks out in the country want to come here to get a sight of Washington. As far as a man making himself unpopular at home by providing for a chance for those people to come here, it would rather tend to make him popular, and this opinion that you gather out of this press that you are talking about is from the papers in the big cities. Well, I suppose they may represent the public sentiment of the cities, but they do not represent the public sentiment on that question or any other question when you get out of the big cities. And as far as I am individually concerned, I feel this way about it.

I know it does not strengthen the man at home to have patronage, and yet, nevertheless and notwithstanding, there are a great many young men and women in the country who believe that it would do them good to get these places; and we secured just as good a set under the last census as we are going to get under this census, even if the conferees should bring in a bill to turn it all over to the civil service.

I take it that every Senator and Member would take pride in securing the best-equipped young men and women among his constitutents.

I will give my experience. I had three appointees for the Census Department. One of them was a young lady who was a good school-teacher before she came here. When she went back home she got a better place in which to teach school. Another one was a young man, to whom I explained, when he came here, what became of the government clerks. At the end of about

six months he came to me and said he was going to be promoted to $100 a month; that he had a proposition from his brother to go home and go into the mercantile business. I asked him what he was going to do in the world, and he replied that he was going to be a merchant. I said to him, "You go and buy your ticket home before you go down there and settle in the Census Office. If you go down there first, you will die of old age in this town." He took my advice and went home. He now owns the house in which he lives; he owns half of a good stock of goods; and last summer he had $3,500 in the bank. The third one I appointed at $75 per month, and he proved efficient, was put on the permanent force, and was finally promoted to $125, was sent out over the country to examine into the mining business, and learned so much about it that he resigned his $125 place and opened a broker's office. I doubt very much whether there are three people in the census who came out any better than they did.

I am heartily in favor of an honest merit system, but am opposed to taking the big end of the census force from the District of Columbia.

Mr. GILLETT. I did not intend to start a discussion on a matter that we have thrashed out so often in the House, on the merits of the civil service. It is absolutely unnecessary to pass this appropriation now and by and by find out that there has no other census bill been passed. I think this appropriation ought to wait until we know whether the Census Committee is going to agree, and whether the two Houses are going to pass the bill. There is plenty of time after that, and there is no need at all of this $10,000,000 being passed now. All we need is enough to last us until Congress adjourns.

Mr. CRUMPACKER. Mr. Chairman, I have a pretty fair knowledge of the history of the present census bill, and I knew as much, perhaps, as any other Member of the House about the bill that was vetoed by President Roosevelt in the last Congress. I am not ready to admit that in the consideration of that bill by the House the question of patronage was any considerable factor.

The Committee on Census undertook to adjust the merit system of appointments to the peculiar requirements of the Census Office during the decennial period. The Committee on Census undertook to provide business methods; it undertook to incorporate into the bill a little ordinary business sense in selecting clerks and employees. Congress approved the bill finally. It was vetoed on the ground, mainly, that it was said to be a return to the spoils system of appointments, and some reflection was made in the veto message upon the "professional politician." I believe, Mr. Chairman, that as between the professional reformer and the professional politician there is but little of choice from a business standpoint. One is as impracticable as the other is unpatriotic. In my judgment the bill that was passed last winter in relation to the manner of appointments and the business aspect of the service was a better bill than that which is pending to-day. I think there would have been but little abuse of the appointing power under it.

The gentleman from Masachusetts has referred to the practice of making appointments in the Census Office for the Twelfth Census. Why, the Director of the Census is an executive officer; he is appointed by the President, subject to removal by the President at any time, and the President has a large measure of control over his administration. We have a right, Mr. Chairman, to assume that the Director of the Census, in the execution of discretionary matters reposed in him, reflects the policies of the Chief Magistrate. I have no question of that being the case in the Twelfth Census. President McKinley at that time, I happen to know, secured appointments for over a hundred applicants in the Census Office upon his written request without examination. I think you will find down in the archives of the Census Office to-day a record of over a hundred appointments that were made at his request in that manner. The office was being conducted according to the idea of the President. It will be in any administration so far as discretionary matters are concerned. But that is past now.

We have framed the census bill, as far as possible, to conform with the view of the President upon the question of appointments.

Now, this bill was introduced by me early in the present session of Congress. There is no Committee on the Census; and at the very first opportunity I had the bill considered by the House. It went through the House; it went to the Senate, and that august body added 30 or 40 amendments to the bill. It came back to the House and was readily sent to conference, and in a short time a conference report was made to the two Houses of Congress, showing an agreement upon all disputed propositions. The Senate, under the practice, had to act upon the report first, and it refused to ratify it, and so notified the House; and at the very first session of the House after that action on the part of the Senate, I moved that the House further insist upon its disagreement to the Senate amendments and agree to the conference. That motion was being discussed when the question of order was made that there was no quorum present; and it was ascertained that a quorum was not present.

Mr. GILLETT. May I ask the gentleman when that was?

Mr. CRUMPACKER. That was over two months ago.

Mr. GILLETT. Thank you.

Mr. CRUMPACKER (continuing). And there have been but two occasions since then that there has been a quorum present.

Mr. GILLETT. Is it not possible at any time by simply a whip notice to have a quorum?

Mr. CRUMPACKER. I submitted that suggestion to those who were best informed respecting the situation, and it was deemed unwise to bring men who had gone to their homes in different parts of the country back here to make a quorum simply to put this bill in conference, when everybody knew Members would be compelled to come back in the course of a few weeks for the final disposition of the tariff bill; and that is the reason the bill was recently acted on in the House. The fault, if there is any fault, is with Members of the House who were absent so that business could not be transacted.

Mr. SIMS and Mr. GILLETT rose.

Mr. SIMS. Is it not a fact that the chairman of the committee—or the gentleman who would have been the chairman, and has been, the gentleman from Indiana—did not present this matter largely because there seemed to be some sort of a controversy or investigation going on primarily about the Director of the Census, and is not that the primary reason why you did not press it?

Mr. CRUMPACKER. That is not the primary reason why I did not press it. There was no quorum here, and I stated repeatedly that whenever there was a quorum present the bill would be called up for consideration. There has been no secrecy about the matter.

Mr. GILLETT. May I suggest that my opinion is that if the whip had sent out notice to Members in Washington, without bringing them from their homes, there would have been a quorum? The gentleman from Indiana has not attempted it; they have attempted it for other things and have succeeded.

Mr. CRUMPACKER. The gentleman from Massachusetts goes too far when he says that I have not attempted it. I know what I have done; I know the men in connection with the House organization to whom I have gone and whom I have consulted, and have been advised that it would not be prudent to attempt to bring Members back here from their homes in the country, and that there was no quorum in the city; that a quorum would be here when we came to dispose of the tariff bill. But a week or more ago, seeing that the time was getting short and that it was necessary that there should be some legislation upon this subject, we had a quorum summoned here last Monday.

Mr. GILLETT. Notice was sent out for a quorum last Monday, was there not?

Mr. CRUMPACKER. Yes; because the time was approaching when we found it was necessary to provide for the appropriation for the office for the next fiscal year.

Mr. CARLIN. I would like to ask the gentleman a question.

Mr. CRUMPACKER. I will yield to the gentleman.

Mr. CARLIN. Is there any likelihood that the conferees on the census bill will not report at this session?

Mr. CRUMPACKER. I think the conferees that have been named by the House, who were members of the Committee on the Census in the last Congress and in the Congress before, are as earnest and sincere in their desire for general census legislation as even the gentleman from Massachusetts [Mr. GILLETT], and I think perhaps more so. They appreciate the necessity of having a new law for the taking of the Thirteenth Census, and I have not any sort of question but that in one or two conferences there will be a complete agreement, whether this appropriation bill goes through or not. The suggestion made by the gentleman from Massachusetts therefore would have no coercive power over the committee, and particularly now since it has been advertised that that is what it is done for. If the House should adopt his recommendation, it would put the conferees in a position of some degree of embarrassment.

Mr. TAWNEY. I would like to ask the gentleman a question.

Mr. CRUMPACKER. I will yield.

Mr. TAWNEY. Of course it would be possible to pass a joint resolution extending the appropriation and make it available after the 1st of the month, but in that event we would have two appropriations available for the payment of

the expenses of running the Census Bureau during the first month of the next fiscal year, and we would have a complication also with regard to the accounting.

I made an investigation yesterday when the gentleman from Massachusetts first suggested it to me, and found that it would complicate their accounts and involve an entire change in their system because of the fact that under one law they could expend the money for a permanent force, and under another law spend the money at the same time for that force, and so they did not want a duplicate of the appropriation.

Mr. CARLIN. I want to state to the gentleman a fact that may have been overlooked. The act of 1899 was the act under which the census was taken, and subsequent to that there was an act of Congress passed in 1903 by the construction of which the Attorney-General has determined that the Census Bureau was placed under the Department of Commerce and Labor. That was in relation to a seal. If that construction prevails, then the Census Bureau is under the Department of Commerce and Labor.

Mr. CRUMPACKER. I want to say to the gentleman from Virginia [Mr. CARLIN], that the law expressly makes the Census Office a bureau in the Department of Commerce and Labor, and the civil-service law is made applicable to the permanent Census Office. There is no question about that.

Mr. CARLIN. Is the gentleman familiar with the decision of the Attorney-General on that subject?

Mr. CRUMPACKER. I am familiar with the legislation, for I was a member of the committee when it was passed.

Mr. CARLIN. The act of 1899 gave the Director of the Census power to adopt a seal, and when the act of 1903 was passed it was determined that the Bureau of the Census had been put under the Department of Commerce and Labor, and that the Census Bureau could not adopt the seal, but the Department of Commerce and Labor could do it.

Mr. CRUMPACKER. Well, I do not know anything about the seal question.

Mr. CARLIN. And that, therefore, the Civil Service Commission will make all of these appointments.

Mr. LANGLEY. That was simply an administrative question in the department. I remember all about that case. It related entirely to the respective powers of the director and the Secretary. There is no question about the Census Office being a part of the Department of Commerce and Labor. The law plainly fixes that.

Mr. HAMER. Will the gentleman yield for a question?

Mr. CRUMPACKER. Yes.

Mr. HAMER. I desire to inquire whether or not under the existing law any provision is made for civil-service examination?

Mr. CRUMPACKER. No. There is this provision: The existing law authorizes the Director of the Census to make appointments under such examination as he may prescribe. That is the law. That is for the decennial census. In the permanent Census Office the civil-service law is made expressly applicable. There can be no appointment made in the permanent Census Office except through the civil-service law. Right on that point, I have no doubt at all that the President, by executive order, could require every appointee during the decennial census period, under existing law, to be appointed under the civil-service law. The President could issue an order requiring the Director of the Census to require a rigid test of efficiency, and require him to select clerks and employees in the order of rating, without any regard to question of geographical apportionment. There is that aspect of the question to be considered. If the census should be taken under the present law, I have no doubt about what would be the outcome. I have held conferences enough with men in authority to know about what would be done; that is, the Civil Service Commission would conduct the examinations.

A rigid efficiency test would be established. The merit system would be established, abrogating the geographical apportionment rule, because I understand the President and the Secretary of the Department of Commerce and Labor and the Director of the Census are all protesting vigorously against the rigid amendment that the House agreed to on Monday of this week, providing for the geographical distribution of clerks and employees in the temporary Census Office.

Mr. SIMS. Mr. Chairman, does the gentleman say that the President is protesting vigorously against that action of the House and Senate?

Mr. CRUMPACKER. Well, I will not say that.

Mr. SIMS. That is just what the gentleman has said.

Mr. CRUMPACKER. Well, I will correct that statement in revising my remarks. [Laughter.] I will not say that. I have no right to speak for the President. Of course, a Member of the House ought not to quote the President if he has had any personal conversation with him, or make any reference to the attitude of the President on matters of legislation. There is only one way in which the President can properly protest against legislation, and that is by the exercise of his constitutional power to veto. I have never discussed the amendment referred to with the President.

Mr. SIMS. I am glad I mentioned the matter, because the gentleman had put the President in a pretty close place by his statement.

Mr. BUTLER. Well, rub it out and let us get on. [Laughter.]

Mr. CRUMPACKER. In conclusion, I want to say to the gentleman from Massachusetts [Mr. GILLETT] that the conferees on the part of the House will endeavor in good faith to bring about an agreement with the conferees on the part of the Senate at as early a date as practicable. Whether this bill is passed or not, we will do our duty, and I have no doubt of our ability to reach an agreement. We reached an agreement before, and the House on Monday took out of consideration the most serious question in dispute, so that there will be less difficulty in getting together than there was in the former conference. We had better accept all the Senate amendments than to take the census under the present law, for a good many reasons.

Mr. COLE. Mr. Chairman, will the gentleman yield?

Mr. CRUMPACKER. Yes.

Mr. COLE. I just want to ask one question. Are these additional clerks in the Census Department to be appointed in relation to the quota of the different States as they already exist, or are they to be appointed in addition to and supplementary to the quotas?

Mr. CRUMPACKER. I do not know, and I do not think anybody can answer that question.

Mr. LANGLEY. I think I can answer that question. If it is——

Mr. COLE. I want the opinion of the chairman of the committee. I want to state this fact: If this is to be in addition to the quota, of course each State will have its proper proportion; if it is to be supplementary to the quotas as they already stand, Porto Rico will have 40 appointments under this law and New York will have none. Maryland will have none, Virginia will have none, Delaware will have none—in fact, 37 States out of the 52 have more than their quota at the present time.

Mr. CRUMPACKER. The gentleman must remember that this is a purely academic proposition now. We have already settled that question. It is no longer in conference. It is no longer open to controversy. The Senate incorporated that amendment in the bill, and on Monday last the House agreed to it in the identical terms in which it was incorporated in the bill, so there is nothing gained by attempting to analyze that amendment now.

Mr. COLE. Under the provisions of this law, on page 5, from line 7 to 12, I think it admits of two different constructions. One is that they are to be appointed in contemplation of the quotas already in existence, and the other as supplementary to and in addition thereto.

If that construction is to be placed upon the law, each State will have its proportion of these census appointments, but Porto Rico and a few of the smaller places of the country will have a monopoly on all of the appointments under the new census law.

Mr. HUBBARD of West Virginia. That language is in the original bill and not in the amendment with which the gentleman from Ohio dealt. That was not covered by our agreement on last Monday.

Mr. CRUMPACKER. Yes; last Monday we incorporated the amendment requiring every applicant to be examined in the State.

Mr. HUGHES of West Virginia. That is not the part the gentleman from Ohio [Mr. COLE] referred to——

Mr. HUBBARD of West Virginia. The part referred to by the gentleman from Ohio [Mr. COLE] is the language in lines 10, 11, 12, and 13 of the original bill, "the selections are to be made in conformity with the law of apportionment as now provided for the classified service in the order of rating."

Mr. CRUMPACKER. I beg the gentleman's pardon, that is not part of the original bill. That was put in in the House on motion of the gentleman from Illinois [Mr. STERLING]. He proposed that amendment when the bill was first considered in the House. I opposed the proposition, but was voted down.

Mr. HUBBARD of West Virginia. But it was in the bill as passed by the House, and the present question raised by the gentleman from Ohio [Mr. COLE] arises under that language and not out of the amendment which was before us on last Monday.

Mr. CRUMPACKER. They are both history now, they are both agreed to by the two Houses, and the question is no longer within the jurisdiction of the conferees.

Mr. GILLETT. Mr. Chairman, I reserve the balance of my time.

Mr. SHERLEY. Mr. Chairman, I shall not enter upon any discussion of the original census bill. I prefer to speak to the matter before the House. I shall not even echo the suspicions and veiled accusations made by the distinguished gentleman from Massachusetts [Mr. GILLETT] against his political colleagues. The excitement that is aroused whenever the subject of patronage in connection with the census comes up is sufficient without my lending my voice to the turmoil. I desire to call the committee's attention to the condition in which it finds itself, and I want those responsible for that condition to take the responsibility. We are told now by the former distinguished chairman, and I hope the next chairman, of the Committee on Appropriations that we must pass this bill in its crude form, otherwise the fiscal year will have expired and a new one will have commenced without any provision having been made for the taking of the next census. Now, if that condition had necessarily arisen, we might follow the gentleman, though reluctantly; but when the management of this House is responsible for that sort of condition arising, without the slightest excuse, then I submit that it comes with poor grace for the gentleman to urge it as a reason why we should disregard all the safeguards that have heretofore been thought necessary in regard to appropriations. It has been notorious that the House has done nothing for weeks past, waiting for the passage of the tariff bill through the Senate, when it would be again considered by the House. No reason except the pleasure of the Speaker and of the powers that be has prevented the appointment of a committee to consider this matter. If it be so heinous a crime during the consideration of a tariff bill to appoint the usual committees of the House, it might at least have been in order to appoint a special committee to take some testimony and have some hearings in regard to this matter.

The country is confronted to-day with a deficit, and the President sends a special message for unusual forms of taxation to be piled upon the people in order to make good that deficit, and here the House of Representatives proposes to vote $10,000,000 without the slightest sort of restriction upon its expenditure other than the statement that it must be expended in the preparation for and in the taking of the next census. I submit that such legislative conduct can not be justified by anybody at any time. It would have been easy to have brought in a bill, after proper hearings were had, with such detail as to prevent a diverting of appropriations. The gentleman from Minnesota and the gentleman from Kentucky say that that is impossible as to the census bill. We are discovering every day that there is some wondrous mystery about it; that it is of such peculiar nature that the ordinary rules of life and conduct no longer apply to it; and we are discovering that it is pretty difficult to find anybody to take hold of the thing and run it. Now, there was submitted to the House a report (Document No. 5) from the Secretary of the Treasury, which contained a statement from the then Director of the Census. In that is given a somewhat detailed statement of $9,949,000 of money that it is said will be needed in the taking of the next census. Even to put that into the bill would be doing something; and, as I stated a while ago, at the proper time I shall offer an amendment itemizing to that extent this appropriation.

The gentleman from Minnesota [Mr. TAWNEY] says it is impossible to wrongly spend this money. Let us see. The bill reads:

That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for salaries and necessary expenses for preparing for, taking, compiling, and publishing the Thirteenth Census of the United States, rent of office quarters, for carrying on during the decennial census period all other census work authorized and directed by law, including purchase, rental, construction, repair, and exchange of mechanical appliances, to continue available until June 30, 1912, $10,000,000.

Now, take one single item that is mentioned there, namely, "including purchase, rental, construction, repair, and exchange of mechanical appliances." How long ago was it when we had a scandal growing up in the Post-Office Department out of the buying of supplies? Is there any more open place, if men wanted to expend money wrongfully, than through that provision? Machines can be bought ad libitum, with no limitation upon the amount of money expended for the machines or appliances. But the gentleman can reply that these men will not do it. If that be true, if you are going to legislate on the theory of honesty and efficiency in all of your public officials, then every check that exists in the Constitution and every detail that is written into our laws here is a waste of time and an imputation upon the integrity of mankind. But, unfortunately, we know that departments need to be watched to prevent extravagance, and sometimes, unfortunately, wrongdoing. And I submit that to ask us to pass this bill without any restriction, when there has been no reason whatsoever why we should be put in this position, is to ask an unreasonable thing. We could easily appropriate a limited sum, running along for a month or two, or, if necessary, running six months, until we would have the regular committees and the regular hearings. But there is a great eagerness disclosed, and those gentlemen who are the special advocates of the census bill are particularly busy on the floor to suggest that there should be no restriction upon the moneys appropriated, that the nature of the work is of such a character as to make such a division and detail impossible.

Now, without detaining the committee further, if the amendment to be offered by the gentleman from Massachusetts [Mr. GILLETT], limiting the amount to a small sum for temporary use, fails, I shall then offer an amendment embodying in the bill the detailed items set out on page 2 of this report, and which, by the statement of the director at that time, will be sufficient for each of the purposes therein named.

The Clerk read as follows:

Be it enacted, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for salaries and necessary expenses for preparing for, taking, compiling, and publishing the Thirteenth Census of the United States, rent of office quarters, for carrying on during the decennial census period all other census work authorized and directed by law, including purchase, rental, construction, repair, and exchange of mechanical appliances, to continue available until June 30, 1912, $10,000,000.

Mr. GILLETT. Mr. Chairman, I offer the following amendment as a substitute for the paragraph just read.

The CHAIRMAN. The Clerk will report the substitute.

The Clerk read as follows:

Insert as a substitute after the first paragraph in the bill the following:

"*Resolved, etc.*, That all appropriations made for the Census Office for the fiscal year 1909 which may be required for the necessary operations of that office during the month of July, 1909, are continued and made available on the same basis for said month or until such time within said period as they may be provided for at the present session of Congress in the appropriation to be made for the Thirteenth Decennial Census: *Provided*, That no greater amount shall be expended for such purposes than will be in the same proportion to the appropriations for the fiscal year 1909 as one-twelfth of a year bears to the whole of said fiscal year; and the sums expended under the provisions of this resolution shall be charged to and become a part of the appropriation to be hereafter made for the Thirteenth Decennial Census. The amount necessary to carry this resolution into effect is hereby appropriated out of any money in the Treasury not otherwise appropriated."

Mr. SHERLEY. Mr. Chairman, I desire to submit a parliamentary inquiry as to whether it would be in order to offer an amendment to the paragraph just read, after action by the committee upon the substitute, or whether it must be offered before the vote upon the substitute?

The CHAIRMAN. The Chair is of the opinion that it is necessary to perfect the paragraph before voting on the substitute. Otherwise, after voting upon the substitute, I think it would not be open to amendment.

Mr. SHERLEY. For that reason, then, I desire to offer now the following amendment:

On line 11, on the first page, strike out the words "ten million dollars" and substitute the following:

Supervisors	$1,000,000
Enumerators	4,500,000
Special agents	700,000
Office force	2,100,000
Tabulating machinery	250,000
Cards for tabulating machines	100,000
Alaska	85,000
Porto Rico	160,000
Stationery	150,000
Printing	250,000
Administrative expenses (travel, telegraph, furniture, machines)	250,000
Annual reports	404,000
Total	9,949,000

Now, Mr. Chairman, all I desire to say is that these figures correspond exactly with the detailed statement sent in by Mr. North, when Director of the Census, and, according to his statement, are sufficient for the purposes for which they are to be appropriated.

Mr. TAWNEY. Mr. Chairman, I desire to call the attention of the committee to the statement that Mr. North made when before the Committee on Appropriations on this very estimate, in which he says:

You can not conduct a decennial census office in any other way than with a lump-sum appropriation. I think that is clear. That is what we are up against. The pending census bill provides for a hundred additional clerks at salaries from $1,400 to $1,800. Those positions will

be filled, practically all of them, by promotions from our regular force. The vacancies thus created could only be filled by appointment to the statutory roll by calling on people from the civil service, regularly certified people.

Now, he was discussing the question of modifying the classification and making an exact estimate upon which to base the classification in this appropriation, which was in view of the criticism of the Committee on Appropriations against making lump-sum appropriations. The statement of the then Director of the Census before the committee was that he regarded it as an impracticable proposition.

Now, these items the gentleman has enumerated in his amendment are submitted by the Department of Commerce and Labor as a rough estimate. In submitting the statement he says:

Attention is directed to the fact that the larger part of the cost of the Thirteenth Census will fall in the fiscal year beginning on that date. It is the year in which all the expenses of supervisors and enumerators are incurred, together with the cost of tabulating machines, large printing bills, and an increased expenditure for clerical help.

It is impossible to make an accurate estimate of the exact amount which will be necessary for all of these different items.

Then he adds:

I may roughly estimate the census expenses of this first year as follows.

And then he enumerates the amounts necessary for these particular purposes, saying all the time, as everybody knows, that it was a mere rough estimate of the amount required for the various services, and nothing but a rough estimate could be made at that time or can be made now.

Now, the appropriation for taking the census has always been made as it is proposed to be made now, and always because of the impossibility or the impracticability of the officials in charge of taking the census making a reasonably accurate estimate of the various amounts required in the different branches of that particular service. Now I yield to the gentleman.

Mr. SHERLEY. Would there be any difficulty in correcting any mistake that might be made in this rough estimate by making appropriations to cover deficiencies in subsequent bills?

Mr. TAWNEY. Of course Congress can correct anything.

Mr. SHERLEY. Except money that is wrongly expended. You can not correct that. It has gone.

Mr. TAWNEY. Why, as an illustration of that, here is a note, in which he says:

Since the original estimate of the cost of the supervisors' services was made, the salaries to be paid these officers have been increased by Congress by $300 each, an increase of $99,000.

I want to call attention to another fact. In one of the items mentioned by the gentleman from Kentucky, that of tabulating machines, $150,000 of that $250,000 which he now proposes to appropriate has already been appropriated and is now available for that purpose. It only goes to show, Mr. Chairman, that in doing work of this character it is not possible to make an accurate estimate as to the amount required for each specific item of each particular branch of the service. I trust the amendment will not prevail. I do not see that there is any force in the suggestion, if the amount is insufficient in any one item and a greater amount appropriated than is necessary in another, that that can be corrected hereafter. This amount when appropriated will be allotted to the various branches of the service involved in taking the census. Now, if one allotment is insufficient, and another allotment has been made in excess of the amount required, the Director of the Census, or the Secretary of Commerce and Labor, can adjust that allotment so as to meet the requirements of the service and not to embarrass or delay that service. I trust, therefore, the amendment will not prevail.

Mr. SHERLEY. Mr. Chairman, just a word, with the committee's indulgence, in reply. The gentleman suggested, rather facetiously, that anything can be corrected by Congress. I suggest to him that there is one thing that can not be corrected, and that is the wrongful expenditure of public money that has already gone, and it is in order to prevent such possibility that I suggest these details. If I have not been as accurate as the gentleman would have me in getting up legislation, I desire to say that I owe no apology to the gentleman, because he did not permit any hearings to be had, in order that I could get more accurate information, and I have at least been a little more specific than the gentleman has in his bill. Again, I desire to say that there is nothing mysterious about this matter, so that we can not take this statement and make a proper limit to the appropriation, and then, if necessity arises, make other appropriations to cover any deficiencies that have arisen.

Mr. TAWNEY. I should like to ask the gentleman from Kentucky this question: If it is not a fact that the amount specified in his amendment of $1,000,000 is not ninety-nine thousand less than the amount estimated by the department, and if his amendment does not contain $100,000 more for tabulating machines than is necessary?

Mr. SHERLEY. I do not know, not having any hearings, how much they need for tabulating machines, but I can only guess at it, as the gentleman has done.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken, and on a division (demanded by Mr. SHERLEY) there were 25 ayes and 67 noes.

So the amendment was lost.

Mr. MACON. Mr. Chairman, I desire to offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Strike out all after the word "States," in line 6, and insert "for salaries and necessary expenses for preparing for, taking, compiling, and publishing the Thirteenth Census of the United States, $2,000,000, authorized and directed by law."

The CHAIRMAN. Does the gentleman offer that as a substitute?

Mr. MACON. That is offered as an amendment.

The CHAIRMAN. It strikes out and inserts.

Mr. MACON. It does not strike out the first part, but it strikes out all after the word "States," in line 6.

Mr. Chairman, this amendment, if adopted, will provide sufficient funds for the preparation for taking the Thirteenth Census. It appropriates $2,000,000 for that purpose. My idea is that, without the matter having been investigated by a proper committee, it is not proper at this time for Congress, called in a special session to consider a revision of the tariff, to make an appropriation to both prepare for and complete the taking of the census when it will convene in regular session on the first Monday of next December, and then by a proper committee can take up the work and present a bill to this House in proper form and in a proper way and at a proper time.

Mr. Chairman, this bill is before the committee upon the cold-blooded theory that might makes right and in absolute violation of the rules of the House. We all know that under the rules no matter can be considered that has not been properly referred to a committee and properly reported by that committee and placed upon the calendar except by unanimous consent, and hence this bill is improperly before the House at this time, because objection was had to the request for unanimous consent. That, in my judgment, is enough to condemn the proposition as a whole. But if it is absolutely necessary to make an appropriation to prepare for the taking of the next census, we ought not to go any further at this time than to make one sufficiently large to provide for the preparation, and not for taking the census in toto. That is the reason I have offered this amendment, and it seems that reason ought to compel its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken, and the amendment was rejected.

Mr. MURPHY. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Add at the end of the paragraph, line 11, page 1; insert a colon and the following:

"*Provided*, That no part of this appropriation shall be expended for any printing or binding, including tabulating cards, other than that done at the Government Printing Office, or a printing office owned by the United States and operated by employees thereof."

Mr. TAWNEY. Mr. Chairman, I make the point of order to that amendment that it is not germane and that it is new legislation.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. TAWNEY. I do not.

Mr. MURPHY. Mr. Chairman, I claim that this is merely a limitation on the appropriation.

The CHAIRMAN. The Chair is of opinion that the point of order is not well taken, and that it is a limitation.

Mr. MURPHY. Mr. Chairman, I am aware that the general law requires that all printing and binding shall be done at the Government Printing Office. Under the census bill, if it should become a law, all printing and binding would be done at the Government Printing Office. What the provisions of the old bill are I do not know, but I have been informed that it must be let out to competitive bids.

That language has been included in several bills for the last fourteen or fifteen years, but within a short time back the Comptroller of the Treasury has decided that under competitive bids the Government Printing Office can not bid upon printing, or that no expenditure upon an appropriation bill containing the competitive provision can be paid the Government Printing Office for any printing. I have that opinion of the Comptroller in my hands.

Now, this office is owned by the Government, was built at a cost of some $3,000,000, with more than a million dollars' worth of machinery in it. We buy our material at wholesale, and the men in that Printing Office under the civil service come from every State in the Union. When they come here and bring their families with them, they ought to expect to be employed, and not reduced or laid off, as was done this year on account of printing being sent outside.

On April 29, 1909, there were 400 men idle in the Government Printing Office, 200 of whom were compositors, men from the different States. I know there were some from Missouri. Three that I know of that were laid off came from there, and also men from other States. Why should we not, then, take care of that office as it ought to be taken care of, and where the printing ought to be done as cheaply as can be done in any part of the United States?

Mr. LIVINGSTON. Will the gentleman yield?

Mr. MURPHY. Just one moment, and then I will yield to the gentleman. There is another thing that is included in this amendment, and that is the provision that 300,000,000 tabulating cards, which are printed, are to be considered as printed matter. They are printed matter, and yet the Census Office has never yet considered it printing, and it has been done outside without competitive bids or without any bid whatever. There are 300,000,000; 100,000,000, as I understand, for population, 100,000,000 for vital statistics, and 100,000,000 for agriculture. Those tabulating cards, according to the estimate of the Director of the Census, cost about $100,000. It seems to me those cards are printed matter, and they ought to be done in the Government Printing Office, and I say they can be done there more cheaply than anywhere in the United States. They say the printing can be done outside more cheaply, but I will give you one instance of how it is done outside more cheaply. They send down to the Government Printing Office and have the type set up, and then it is made into plates, and then they send down and get the plates and have the printing done outside, as the War Department has done within the last thirty days to my own knowledge.

We can set the type and make the plates, but we can not print, and that is the way it has been decided and is being done. I say we are only carrying out the law in adopting this amendment and in determining that tabulating cards are printed matter. I now yield to the gentleman from Georgia.

Mr. LIVINGSTON. Mr. Chairman, I want to ask the gentleman if this is not true, and I am after information: Is not the reason why 700 people are laid off now due to the fact that prior to the last election several hundred were put in that they had no use for? The house was crowded from garret to floor, and they were in each other's way, and one man could not find his way to go to work without walking over some other. That is what was done by the gentleman from the Philippines to show the people over here how to run a printing office. Now, when Mr. Donnelly got hold of the Printing Office, he was compelled, for decency's sake, to let these people off. Is not that the reason why so many are idle now?

Mr. MURPHY. That, Mr. Chairman, is not my understanding of it. My understanding is that because of the printing being done elsewhere than at the Government Printing Office is the reason, and my information comes pretty direct on that.

Mr. LIVINGSTON. Can not the gentleman give us a specific instance of that so as to show that printing is being done outside?

Mr. MURPHY. A copy of the Philippine tariff bill which I saw was printed outside of the Government Printing Office.

Mr. TAWNEY. And so was the Cuban census bill, and paid for by the Cuban Government.

Mr. MURPHY. But this Philippine tariff bill which was printed outside the Government Printing Office was on inferior paper, and the printing and paper were of such quality that they threw it away, refused to use it, sent to the Government Printing Office and had it reprinted at an additional expense to the Government of the United States. That is the character of printing that we are getting outside of the Government Printing Office.

Mr. LIVINGSTON. Mr. Chairman, for the benefit of the gentleman, I want to say to him in all candor—I am not criticising—having been on a committee that was pretty closely related to the payments of all these bills, that I do not remember any printing done on the outside. I can not remember any, and I do not want a mistake made here on the floor of the House by the statement that these people are suffering for that reason if it is not correct. I am after information, that is all.

Mr. MURPHY. Does not the gentleman know that in several bills it is provided that the printing shall be let out under the competitive system? The gentleman knows that is done in several appropriation bills. It is let out to the highest bidder, and yet the Comptroller of the Treasury has ruled, has handed down a decision lately—the Government Printing Office, prior to this recent ruling of the Comptroller, for fifteen years was allowed to bid and procured a great many of these contracts—and yet the Comptroller of the Treasury has, as I said, recently decided that the Government Printing Office can not do the printing under a law containing a competitive provision, but it must be done on the outside. If, Mr. Chairman, the printing at the Government Printing Office is more expensive than it is outside, there is something wrong down there that ought to be investigated by the Joint Committee on Printing. When we own our own shop, when we can buy our material as cheap or cheaper than anyone in the world, when we own our own machinery, with the best and most skillful mechanics and printers in the world, I say it is idle to suggest that printing can not be done as cheap or cheaper and better than it can be done anywhere else, and yet it is said by some——

Mr. BARTHOLDT. Will my colleague permit a question?

Mr. MURPHY. Yes.

Mr. BARTHOLDT. In computing the prices that are to be charged in the Government Printing Office is it not true that the salaries of the administration of the Government Printing Office are always taken into account in computing those prices, which salaries would go on whether the printing is done in the Government Printing Office or not?

Mr. BUTLER. But you would not have the salaries to pay if you did not do any printing, I suggest to the gentleman.

Mr. BARTHOLDT. What is that?

Mr. BUTLER. You would not have these officials if you did no work in the Government Printing Office. You would not hire them simply for the pleasure of hiring them.

Mr. BARTHOLDT. If you abolish it, if you simply cease all printing because it could be done outside, but as long as we have a printing establishment——

Mr. TAWNEY. Mr. Chairman, a parliamentary inquiry. Are we not considering the bill under the five-minute rule?

The CHAIRMAN. We are; the time of the gentleman from Missouri has expired.

Mr. CLARK of Missouri. Mr. Chairman, a parliamentary inquiry. When did we get under the five-minute rule?

Mr. TAWNEY. When the gentleman was asleep, I guess.

Mr. CLARK of Missouri. Was general debate closed?

The CHAIRMAN. Yes. The Chair will state to the gentleman from Missouri that nobody desiring to further address the House in general debate the Clerk commenced the reading under the five-minute rule, and we are now reading the bill under the five-minute rule for amendment.

Mr. TAWNEY. Mr. Chairman, I wish to say in reply to the gentleman from Missouri that, without affirmative legislation, the printing for the taking of the next census could not be done elsewhere than in the Government Printing Office or by the Government. The law to-day would prevent it, and the bill now in conference between the two Houses for the taking of the next census especially provides for the printing of the Census Bureau in the Government Printing Office. The limitation of the gentleman from Missouri is therefore useless and unnecessary. It is simply enacting additional legislation on a subject now covered by statute, and if that statute is not in effect when the next census is taken the statute that will be in effect expressly provides for the printing, and I hope, therefore, the gentleman's amendment will not prevail.

Mr. MURPHY. I want to call the attention of the chairman of the Committee on Appropriations to the fact that these 300,000,000 tabulating cards, at an expense of $100,000, have been held by the Director of the Census not be to printing; that is nothing more nor less than a printed card, and therefore does have to be sent to the Government Printing Office and is not done at the Government Printing Office, and my amendment covers those tabulating cards.

Mr. TAWNEY. I do not know anything about the tabulating cards; we appropriate for tabulating machines; but I do know that all the printing that is done in taking the next census must be done by the Government unless there is some affirmative action by Congress to the contrary. It is now provided for in existing law and provided for in the bill now in conference between the two Houses.

Mr. MURPHY. Will the gentleman permit a question?

Mr. TAWNEY. Certainly.

Mr. MURPHY. If the census is taken under the old law, will all the printing have to be done at the Government Printing Office?

Mr. TAWNEY. Yes. There was no printing done outside at all in the taking of the last census. There was a provision for doing the printing in the Census Bureau, which was changed or modified by executive order or in some other way.

Mr. LANGLEY. It was abolished by the permanent census act.

Mr. TAWNEY. It was abolished by the permanent census act, but all printing was done at the Government Printing Office, so there is no affirmative law authorizing printing to be done outside of the government service, and it is unnecessary to limit this appropriation.

Mr. NICHOLLS. Mr. Chairman, I desire to favor the passage of this amendment for the reason that it seems to me to be ridiculous to invest so much money in a government printing shop, in which are installed a large number of machines and a good many salaried officers, whose pay will go on regardless of whether we print this work in the shop or not. It seems to me the very fact that there is a Government Printing Office ought in itself to be sufficient argument for having all the government printing done there.

Mr. TAWNEY. That is the law now, and nobody proposes to change it.

Mr. NICHOLLS. Then, why do you oppose the amendment?

Mr. TAWNEY. If the gentleman does not know, from what has been said here, why I am opposed to the amendment, I can not tell him.

Mr. LANGLEY. It would be a duplication of legislation.

Mr. NICHOLLS. It seems to me there is some doubt on the question. And for one I propose to resolve that doubt in favor of having it done absolutely in the Government Printing Office. Evidently there is a doubt, else the gentleman from Missouri [Mr. MURPHY] would not offer this amendment, and it can do no harm.

Mr. LANGLEY. Will the gentleman explain what the doubt is and where it arises? The present law expressly provides—that is, the permanent census law—that all of this printing shall be done in the Government Printing Office.

Mr. MURPHY. Then why are not the 300,000,000 tabulating cards printed at the Government Printing Office?

Mr. LANGLEY. I presume the gentleman is referring to the tabulating cards on which there is a patent—those cards that were used in the machines rented by the Census Office from the Tabulating Machine Company. That was the reason they could not be prepared in the Government Printing Office. The Census Office has since developed a system of mechanical tabulation of its own, and is hereafter to do its own tabulating, and therefore that question will probably not arise again in connection with census work.

Mr. MURPHY. If the Assistant Director of the Census says that he never considered the tabulating cards as printing, he was mistaken, was he not?

Mr. LANGLEY. That has no bearing on the question now at issue.

Mr. NICHOLLS. I do not wish to continue the discussion, but wish to voice my sentiments; and inasmuch as there is a doubt, this amendment can do no harm, and I hope it will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. MURPHY].

The question was taken.

Mr. MURPHY. Division, Mr. Chairman.

The committee divided, and there were—ayes 23, noes 57.

So the amendment was rejected.

Mr. HAMER. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Idaho [Mr. HAMER] offers an amendment, which the Clerk will report.

The Clerk read as follows:

At the end of paragraph 1, on page 1, insert a colon and the following:

"*Provided*, That no part of this appropriation shall be paid to any employee appointed to any position who shall not have first taken an examination in the State or Territory in which said employee resides, nor to any such employee unless he or she shall have been actually domiciled in such State or Territory for at least one year previous to such examination.

Mr. TAWNEY. Mr. Chairman, I reserve a point of order on that.

Mr. HAMER. Mr. Chairman, I ask for a vote. I am ready to submit this matter to the House.

The CHAIRMAN (Mr. HULL of Iowa). The point of order can be decided now. The gentleman's amendment is to strike out the period and insert a colon, and follow that with the proviso which has been read by the Clerk.

The Chair will state that the gentleman's amendment approaches very close to the line which passes beyond the point of a limitation and might be held out of order as additional legislation, and yet it is, in a sense, a limitation upon the appropriation. It is one of those questions that are so close to the dividing line that a ruling either way would not do violence to the rules of the House, but the Chair feels it is better for the Committee of the Whole to pass upon this matter than for the Chair to deprive them of that opportunity by sustaining the point of order. The Chair therefore overrules the point of order.

The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Massachusetts [Mr. GILLETT].

Mr. GILLETT. Just one moment, because I think the House has forgotten just what this amendment is. It is technically drawn, but it simply provides that the present appropriations are extended for one month. Now, personally, I think that the discussion which has been had this morning will go a good way toward removing the possible change I suggested in my remarks. I still believe that the appropriation of $10,000,000 ought not to be made until we know what law it is made to apply to.

Mr. TAWNEY. Mr. Chairman, I just want to say one word in reply. In view of the insinuation of the gentleman from Massachusetts that there was some ulterior motive back of the introduction of this bill at this time, I want to say there was no thought on the part of myself or anyone that suggested the necessity for doing this, that it would in any way influence the action of the conference committee having now under consideration the legislation under which it is proposed to take the next census. The gentleman has said he thought that because that bill is now in conference, and that this appropriation was proposed at this time, therefore it would afford an excuse to those who were opposed to the present bill for not going on and completing that conference and reporting an agreement to their respective Houses.

If that is cause for arousing the suspicion of any man, the gentleman is the only one who has discovered it.

I want to say that if this amendment should be adopted, we will, before the end of July, enact an appropriation bill carrying appropriations for the taking of the next census which will also be available for the expenditures of that department during the same month. As I stated before, on investigation yesterday at the Bureau of the Census, I found it would seriously complicate the accounting for those expenditures. I hope, therefore, the amendment will not be agreed to.

The CHAIRMAN. The question is on agreeing to the substitute.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

The Director of the Census is authorized to designate three commissioners, with the status of special agents, as provided by the permanent census act, to represent the United States in the International Commission for the Revision of the Classification of Diseases and Causes of Death, called by the Government of France to meet at Paris in July, 1909, one of whom shall be chosen from the Census Office, one from the organized medical profession, and one from the organized registration officials of the United States. For the compensation and traveling expenses of said commissioners not exceeding $2,500 of the foregoing appropriation may be expended.

Mr. KEIFER. I would like to inquire of the gentleman from Minnesota if he will not consent to have the word "organized," as it appears in line 6 of page 2, stricken out?

Mr. TAWNEY. I consent to that.

Mr. KEIFER. It relieves it of all possible difficulty.

The Clerk read as follows:

Page 2, line 6, strike out the word "organized."

The question was taken, and the amendment was agreed to.

Mr. TAWNEY. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the recommendation that as amended it do pass.

The motion was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. HULL of Iowa, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10933, and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 6, strike out the word "organized."

The question was taken, and the amendment was agreed to.

The bill as amended was ordered to be engrossed for a third reading, and being engrossed, it was accordingly read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. MACON. Division, Mr. Speaker.

The House divided; and there were—ayes 134, noes 31.

Mr. MACON. Mr. Speaker, I suggest that there is not a quorum present.

The SPEAKER. The gentleman from Arkansas suggests the absence of a quorum. The Doorkeeper will close the doors; the Sergeant-at-Arms will bring in absent Members. As many as are in favor of the passage of the bill will, as their names are called, answer "yea;" as many as are opposed will answer "nay;" those present and not voting will answer "present;" and the Clerk will call the roll.

The question was taken; and there were—yeas 122, nays 72, answered "present" 12, not voting 182, as follows:

YEAS—122.

Alexander, Mo.	Elvins	Kahn	Pearre
Austin	Englebright	Keifer	Pratt
Barchfeld	Esch	Kendall	Pray
Barclay	Fairchild	Kennedy, Iowa	Prince
Barnard	Fish	Kennedy, Ohio	Reeder
Bartholdt	Flood, Va.	Kinkaid, Nebr.	Reynolds
Bartlett, Ga.	Focht	Knowland	Scott
Bennet, N. Y.	Foster, Vt.	Lamb	Small
Bennett, Ky.	Gaines	Langley	Smith, Cal.
Bingham	Gardner, N. J.	Lassiter	Smith, Iowa.
Brownlow	Graham, Pa.	Law	Steenerson
Burke, S. Dak.	Grant	Lee	Sterling
Butler	Gronna	Lindbergh	Sulloway
Calderhead	Guernsey	Livingston	Swasey
Campbell	Hamer	Longworth	Tawney
Cassidy	Hamilton	McCreary	Taylor, Ala.
Chapman	Hanna	McKinney	Taylor, Ohio
Cocks, N. Y.	Haugen	Madison	Tener
Cole	Hawley	Martin, S. Dak.	Thistlewood
Cook	Hay	Miller, Minn.	Thomas, Ohio
Cooper, Pa.	Heald	Millington	Tilson
Cowles	Henry, Conn.	Morehead	Townsend
Crumpacker	Higgins	Morgan, Mo.	Volstead
Dalzell	Hill	Morgan, Okla.	Wanger
Denby	Hinshaw	Murphy	Wheeler
Diekema	Hollingsworth	Needham	Wiley
Dodds	Howell, Utah	Nye	Woods, Iowa
Douglas	Howland	O'Connell	Young, Mich.
Driscoll, M. E.	Hubbard, Iowa	Olcott	Young, N. Y.
Dwight	Hubbard, W. Va.	Parker	
Ellis	Hull, Iowa	Payne	

NAYS—72.

Adamson	Dickson, Miss.	Johnson, S. C.	Richardson
Aiken	Dies	Keliher	Rucker, Colo.
Beall, Tex.	Dixon, Ind.	Korbly	Rucker, Mo.
Borland	Ferris	Latta	Russell
Bowers	Floyd, Ark.	Macon	Sheppard
Broussard	Garner, Tex.	Maguire, Nebr.	Sherwood
Burgess	Garrett	Martin, Colo.	Sims
Burnett	Gill, Md.	Mays	Sisson
Byrd	Gillespie	Morrison	Slayden
Byrns	Gregg	Moss	Smith, Tex.
Carlin	Hamlin	Nicholls	Spight
Carter	Hardy	Oldfield	Stephens, Tex.
Clark, Mo.	Helm	Page	Taylor, Colo.
Collier	Howard	Palmer, A. M.	Thomas, Ky.
Covington	Hughes, Ga.	Patterson	Thomas, N. C.
Cox, Ind.	Hull, Tenn.	Pou	Tou Velle
Cullop	Humphreys, Miss.	Randell, Tex.	Watkins
De Armond	Jamieson	Rauch	Wickliffe

ANSWERED "PRESENT"—12.

Bartlett, Nev.	Cooper, Wis.	Huff	Loud
Booher	Currier	Hughes, W. Va.	McGuire, Okla.
Clayton	Foster, Ill.	Lever	Sperry

NOT VOTING—182.

Adair	Denver	Hammond	McLachlan, Cal.
Alexander, N. Y.	Draper	Hardwick	McLaughlin, Mich.
Allen	Driscoll, D. A.	Harrison	McMorran
Ames	Durey	Hayes	Madden
Anderson	Edwards, Ga.	Heflin	Malby
Andrus	Edwards, Ky.	Henry, Tex.	Mann
Ansberry	Ellerbe	Hitchcock	Maynard
Anthony	Estopinal	Hobson	Miller, Kans.
Ashbrook	Fassett	Houston	Mondell
Barnhart	Finley	Howell, N. J.	Moon, Pa.
Bates	Fitzgerald	Hughes, N. J.	Moon, Tenn.
Bell, Ga.	Foelker	Humphrey, Wash.	Moore, Pa.
Boehne	Fordney	James	Moore, Tex.
Boutell	Fornes	Johnson, Ky.	Morse
Bradley	Foss	Johnson, Ohio	Mudd
Brantley	Foulkrod	Jones	Murdock
Burke, Pa.	Fowler	Joyce	Nelson
Burleigh	Fuller	Kinkead, N. J.	Norris
Burleson	Gallagher	Kitchin	Olmsted
Calder	Gardner, Mass.	Knapp	Padgett
Candler	Gardner, Mich.	Kopp	Palmer, H. W.
Cantrill	Garner, Pa.	Kronmiller	Parsons
Capron	Gill, Mo.	Küstermann	Perkins
Cary	Gillett	Lafean	Peters
Clark, Fla.	Gilmore	Langham	Pickett
Cline	Glass	Lawrence	Plumley
Conry	Godwin	Lenroot	Poindexter
Coudrey	Goebel	Lindsay	Pujo
Cox, Ohio	Goldfogle	Lloyd	Rainey
Craig	Good	Loudenslager	Ransdell, La.
Cravens	Gordon	Lovering	Reid
Creager	Goulden	Lowden	Rhinock
Crow	Graff	Lundin	Riordan
Cushman	Graham, Ill.	McCall	Roberts
Davidson	Greene	McDermott	Robinson
Davis	Griest	McHenry	Rodenberg
Dawson	Griggs	McKinlay, Cal.	Rothermel
Dent	Hamill	McKinley, Ill.	Sabath
Saunders	Snapp	Talbott	Weisse
Shackleford	Southwick	Tirrell	Willett
Sharp	Sparkman	Underwood	Wilson, Ill.
Sheffield	Stafford	Vreeland	Wilson, Pa.
Sherley	Stanley	Wallace	Wood, N. J.
Simmons	Stevens, Minn.	Washburn	Woodyard
Slemp	Sturgiss	Webb	
Smith, Mich.	Sulzer	Weeks	

So the bill was passed.

The following pairs were announced:

For the session:

Mr. McMORRAN with Mr. PUJO.

Mr. CURRIER with Mr. FINLEY.

Mr. BRADLEY with Mr. GOULDEN.

Until further notice:

Mr. LOUD with Mr. PADGETT.

Mr. DAWSON with Mr. EDWARDS of Georgia.

Mr. OLMSTED with Mr. SABATH.

Mr. LOWDEN with Mr. McHENRY.

Mr. LAWRENCE with Mr. LINDSAY.

Mr. MUDD with Mr. RAINEY.

Mr. BURKE of Pennsylvania with Mr. FORNES.

Mr. BATES with Mr. BELL of Georgia.

Mr. STURGISS with Mr. SULZER.

Mr. AMES with Mr. ANSBERRY.

Mr. GREENE with Mr. GOLDFOGLE.

Mr. McKINLAY of California with Mr. BARTLETT of Nevada.

Mr. MADDEN with Mr. MOORE of Texas.

Mr. MANN with Mr. REID.

Mr. MILLER of Kansas with Mr. PETERS.

Mr. ROBERTS with Mr. SAUNDERS.

Mr. SNAPP with Mr. SPARKMAN.

Mr. WOODYARD with Mr. WILSON of Pennsylvania.

Mr. NORRIS with Mr. WALLACE.

Mr. BENNETT of Kentucky with Mr. BRANTLEY.

Mr. BURLEIGH with Mr. BOOHER.

Mr. KAHN with Mr. ANDERSON.

Mr. McKINLEY of Illinois with Mr. FOSTER of Illinois.

Mr. FULLER with Mr. GRAHAM of Illinois.

Mr. BOUTELL with Mr. GRIGGS.

Mr. COUDREY with Mr. GILL of Missouri.

Mr. FOSTER of Vermont with Mr. POU.

Mr. CAPRON with Mr. JOHNSON of Kentucky.

Mr. NELSON with Mr. CLARK of Florida.

Mr. ANDRUS with Mr. RIORDAN.

Mr. MALBY with Mr. DANIEL A. DRISCOLL.

Mr. SOUTHWICK with Mr. CONRY.

Mr. ANTHONY with Mr. CRAVENS.

Mr. McCALL with Mr. HARDWICK.

Mr. ALLEN with Mr. LEVER.

Mr. SMITH of Michigan with Mr. JONES.

Mr. McGUIRE of Oklahoma with Mr. ROBINSON.

Mr. DUREY with Mr. DENT.

Mr. LANGLEY with Mr. JAMES.

Mr. GARNER of Pennsylvania with Mr. BARNHART.

Mr. SPERRY with Mr. CRAIG.

Mr. HUFF with Mr. HITCHCOCK.

Mr. GOOD with Mr. HAMILL.

Mr. GOEBEL with Mr. GORDON.

Mr. GARDNER of Michigan with Mr. GODWIN.

Mr. DRAPER with Mr. GALLAGHER.

Mr. DAVIDSON with Mr. ESTOPINAL.

Mr. CROW with Mr. DENVER.

Mr. SIMMONS with Mr. ASHBROOK.

Mr. WILSON of Illinois with Mr. WILLETT.

Mr. WEEKS with Mr. WEISSE.

Mr. VREELAND with Mr. WEBB.

Mr. TIRRELL with Mr. UNDERWOOD.

Mr. STEVENS of Minnesota with Mr. TALBOTT.

Mr. SLEMP with Mr. STANLEY.

Mr. RODENBERG with Mr. SHARP.

Mr. PLUMLEY with Mr. SHACKLEFORD.

Mr. PICKETT with Mr. ROTHERMEL.

Mr. PERKINS with Mr. RHINOCK.

Mr. PARSONS with Mr. RANSDELL of Louisiana.

Mr. MURDOCK with Mr. MOON of Tennessee.

Mr. MOORE of Pennsylvania with Mr. MAYNARD.

Mr. MOON of Pennsylvania with Mr. McDERMOTT.

Mr. MONDELL with Mr. KITCHIN.

Mr. McLAUGHLIN of Michigan with Mr. KINKEAD of New Jersey.

Mr. LOUDENSLAGER with Mr. LLOYD.

Mr. KOPP with Mr. HUGHES of New Jersey.

Mr. LAFEAN with Mr. HOUSTON.

Mr. KÜSTERMANN with Mr. HOBSON.

Mr. KRONMILLER with Mr. HEFLIN.
Mr. KNAPP with Mr. HENRY of Texas.
Mr. JOYCE with Mr. HARRISON.
Mr. HUMPHREY of Washington with Mr. HAMMOND.
Mr. HAYES with Mr. GLASS.
Mr. GRIEST with Mr. GILMORE.
Mr. GRAFF with Mr. FITZGERALD.
Mr. FOULKROD with Mr. ELLERBE.
Mr. FASSETT with Mr. COX of Ohio.
Mr. EDWARDS of Kentucky with Mr. CLINE.
Mr. DAVIS with Mr. CLAYTON.
Mr. CUSHMAN with Mr. CANTRILL.
Mr. CARY with Mr. CANDLER.
Mr. CALDER with Mr. BURLESON.
Mr. ALEXANDER of New York with Mr. ADAIR.
Mr. LOVERING with Mr. BOEHNE except on the tariff.
For this day:
Mr. GILLETT with Mr. SHERLEY.

The SPEAKER pro tempore (Mr. DENBY). Upon this question the yeas are 122, the nays are 72, present 12. A quorum is present, the yeas have it, and the bill is passed. The Doorkeeper will open the doors.

On motion of Mr. TAWNEY, a motion to reconsider the vote whereby the bill was passed was laid on the table.

LEAVE OF ABSENCE.

Mr. BOWERS was given leave of absence indefinitely, on account of illness in family.

ADJOURNMENT.

Mr. LIVINGSTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 3 o'clock and 8 minutes p. m.) the House adjourned until Monday next.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the president of the Board of Commissioners of the District of Columbia, transmitting a copy of a communication from the board of education relating to unexpended balances of certain appropriations for school buildings (H. Doc. No. 64), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials of the following titles were introduced and severally referred as follows:

By Mr. KENNEDY of Ohio: A bill (H. R. 10934) prohibiting the use of the United States mails for the purposes of extortion and blackmail—to the Committee on the Post-Office and Post-Roads.

By Mr. BURNETT: A bill (H. R. 10935) providing for the adjustment of the grant of lands in aid of the construction of the Corvallis and Yaquina Bay military wagon road, and of conflicting claims to lands within the limits of said grant—to the Committee on the Public Lands.

Also, a bill (H. R. 10936) to pay rural mail carriers the sum of 10 cents per mile per day for each mile and fraction of a mile over 24 miles long—to the Committee on the Post-Office and Post-Roads.

Also, a bill (H. R. 10937) to amend an act approved June 4, 1906, authorizing the use of the waters of Coosa River at Lock No. 4, in Alabama—to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10938) to authorize the Secretary of the Interior to sell the timber off of the lands in Mays Gulf of Little River in Alabama—to the Committee on the Public Lands.

By Mr. BORLAND: A bill (H. R. 10939) to extend the provisions of the pension acts of June 27, 1890, and of February 6, 1907, respectively, to all state militia and other organizations that were organized for the defense of the Union and cooperated with the military or naval forces of the United States in suppressing the war of the rebellion—to the Committee on Invalid Pensions.

By Mr. ANDERSON: A bill (H. R. 10940) appropriating an additional amount of money for the purchase of a building site for the city of Tiffin, Ohio—to the Committee on Appropriations.

By Mr. HUMPHREY of Washington: A bill (H. R. 10941) to promote the American merchant marine in foreign trade and the national defense, and for other purposes—to the Committee on the Merchant Marine and Fisheries.

By Mr. HAWLEY: A bill (H. R. 10942) to create a game preserve to be known as the Siletz Elk Preserve—to the Committee on the Public Lands.

By Mr. BURNETT: A bill (H. R. 10943) to amend section 13 of the naturalization law—to the Committee on Immigration and Naturalization.

By Mr. BUTLER: A bill (H. R. 10944) to provide for the extension and enlargement of the public building at Chester, Pa.—to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10945) in amendment of an act entitled "An act to increase pension for total deafness"—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10946) to erect a monument on Brandywine battlefield, Chester County, Pa.—to the Committee on the Library.

Also, a bill (H. R. 10947) to establish a national military park at the Brandywine battle ground, Pennsylvania—to the Committee on Military Affairs.

By Mr. CAMPBELL: A bill (H. R. 10948) to make Cherryvale, in the State of Kansas, a subport of entry, and for other purposes—to the Committee on Ways and Means.

By Mr. BURNETT: A bill (H. R. 10949) to provide for entering the surfaces of certain mineral lands in Alabama—to the Committee on the Public Lands.

Also, a bill (H. R. 10950) granting certain lands belonging to the United States and situated in the State of Alabama to the State of Alabama for the use and benefit of the common schools of that State—to the Committee on the Public Lands.

Also, a bill (H. R. 10951) giving rural mail carriers holiday on the 25th day of December of each year—to the Committee on the Post-Office and Post-Roads.

By Mr. DAVIS: A bill (H. R. 10952) to cooperate with the States in encouraging instruction in farming and home making in agricultural secondary schools with branch experiment stations, instruction in the nonagricultural industries and in home making in city secondary schools, and in providing teachers for these vocational subjects in state normal schools, and to appropriate money therefor and to regulate its expenditure—to the Committee on Agriculture.

By Mr. THOMAS of Kentucky: A bill (H. R. 10953) for the erection of a public building at Glasgow, Barren County, Ky.—to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10954) for the erection of a public building at Central City, Muhlenberg County, Ky.—to the Committee on Public Buildings and Grounds.

By Mr. BUTLER: A bill (H. R. 10955) to erect a monument to the memory of John Morton—to the Committee on the Library.

By Mr. DAVIDSON: Resolution (H. Res. 80) providing for salary of assistant document clerk—to the Committee on Accounts.

By Mr. BUTLER: Resolution (H. Res. 81) proposing to make the Post-Office Department self-sustaining—to the Committee on Rules.

By Mr. WEISSE: Memorial of the legislature of Wisconsin, asking Congress to remove the tariff on lumber—to the Committee on Ways and Means.

Also, memorial of the legislature of Wisconsin, respecting national aid for the construction of main highways—to the Committee on Agriculture.

Also, memorial of the legislature of Wisconsin, asking Congress to enact a law providing for physical valuation of railroads—to the Committee on Interstate and Foreign Commerce.

By the SPEAKER: Memorial of the legislature of Wisconsin, praying for national aid in the construction of highways—to the Committee on Agriculture.

Also, memorial of the legislature of Wisconsin, praying for legislation to provide for the physical valuation of railroads—to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions of the following titles were introduced and severally referred as follows:

By Mr. AUSTIN: A bill (H. R. 10956) for the relief of Walter Lee Christenberry—to the Committee on Naval Affairs.

Also, a bill (H. R. 10957) granting a pension to R. H. Welch—to the Committee on Pensions.

Also, a bill (H. R. 10958) granting a pension to Mattie R. Willoughby—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10959) granting a pension to Mary B. McCubbins—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10960) granting an increase of pension to Benjiman Ellison—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10961) granting an increase of pension to Alexander McNabb—to the Committee on Invalid Pensions.

By Mr. BARCHFELD: A bill (H. R. 10962) granting an increase of pension to Edward Joseph Chester—to the Committee on Pensions.

By Mr. BORLAND: A bill (H. R. 10963) granting an increase of pension to Elizabeth Carroll—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10964) for the relief of A. L. H. Crenshaw—to the Committee on War Claims.

By Mr. BURNETT: A bill (H. R. 10965) for the relief of A. L. Hays—to the Committee on Claims.

Also, a bill (H. R. 10966) for the relief of D. W. Jarrett—to the Committee on Claims.

Also, a bill (H. R. 10967) for the relief of Mrs. S. V. Burks, late postmaster at Vinemont, Ala.—to the Committee on Claims.

Also, a bill (H. R. 10968) for the relief of Nathan Whitaker, of Marshall County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 10969) for the relief of W. W. Roden, of Dekalb County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 10970) for the relief of William J. Robertson—to the Committee on War Claims.

Also, a bill (H. R. 10971) for the relief of the heirs of Leonard Daniel, deceased—to the Committee on War Claims.

Also, a bill (H. R. 10972) for the relief of the estate of Elizabeth Blakemore, deceased—to the Committee on War Claims.

Also, a bill (H. R. 10973) granting a pension to John C. Anderson—to the Committee on Pensions.

Also, a bill (H. R. 10974) granting a pension to Pauline E. Hauk—to the Committee on Pensions.

Also, a bill (H. R. 10975) granting a pension to Annie Abney—to the Committee on Pensions.

Also, a bill (H. R. 10976) granting a pension to John H. Pepper—to the Committee on Pensions.

Also, a bill (H. R. 10977) granting a pension to Jesse G. Lott—to the Committee on Pensions.

Also, a bill (H. R. 10978) granting a pension to Samuel D. Minor—to the Committee on Pensions.

Also, a bill (H. R. 10979) granting a pension to Stephen D. Kennamer—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10980) granting a pension to Mary Walls—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10981) granting a pension to Jacob L. Kennamer—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10982) granting a pension to Elizabeth A. Driskell—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10983) granting a pension to Jerry Wildman—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10984) granting a pension to Nancy L. Kirby—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10985) granting a pension to Daniel B. Norwood—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10986) granting a pension to J. L. Marbut, alias John Robinson—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10987) granting a pension to Alexander Johnson—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10988) granting a pension to Henry Morris—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10989) granting an increase of pension to Samuel Shafer—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10990) granting an increase of pension to Emma H. Cooper—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10991) granting an increase of pension to George F. Amos—to the Committee on Pensions.

Also, a bill (H. R. 10992) granting an increase of pension to Mary B. Minton—to the Committee on Pensions.

Also, a bill (H. R. 10993) to remove the charge of desertion from the military record of James W. Gutherie—to the Committee on Military Affairs.

Also, a bill (H. R. 10994) to remove the charge of desertion from the military record of F. M. Bruce—to the Committee on Military Affairs.

Also, a bill (H. R. 10995) to remove the charge of desertion from the military record of George W. Denson—to the Committee on Military Affairs.

Also, a bill (H. R. 10996) to remove the charge of desertion from the record of Joseph A. Choate—to the Committee on Military Affairs.

Also, a bill (H. R. 10997) to remove the charge of desertion from the record of Robert A. Godsey—to the Committee on Military Affairs.

Also, a bill (H. R. 10998) to carry into effect the findings of the Court of Claims in the matter of the claim of the Methodist Episcopal Church South, of Oak Bowery, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 10999) to authorize James Pitts to select lands in lieu of lands lost by reason of the act of June 3, 1856, granting lands to certain railroad companies—to the Committee on the Public Lands.

Also, a bill (H. R. 11000) granting an increase of pension to Henry T. Steffey—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11001) granting an increase of pension to Frances Davis—to the Committee on Pensions.

Also, a bill (H. R. 11002) granting a pension to James M. Ledbetter—to the Committee on Invalid Pensions.

By Mr. BUTLER: A bill (H. R. 11003) granting a pension to Frank E. Laurence—to the Committee on Pensions.

Also, a bill (H. R. 11004) for the relief of J. Howard Mitchell—to the Committee on Claims.

Also, a bill (H. R. 11005) for the relief of David Brinton—to the Committee on Claims.

Also, a bill (H. R. 11006) for the relief of Lieut. Jerome E. Morse, United States Navy, retired—to the Committee on Claims.

Also, a bill (H. R. 11007) for the relief of Pacific Pearl Mullett, administratrix of the estate of the late Alfred B. Mullett—to the Committee on Claims.

Also, a bill (H. R. 11008) for the relief of Oliva J. Baker, widow of Julian G. Baker, late quartermaster, United States Navy—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11009) for the relief of Julius A. Kaiser—to the Committee on Naval Affairs.

Also, a bill (H. R. 11010) for the relief of the legal representatives of Stewart & Co. and A. P. H. Stewart—to the Committee on Claims.

Also, a bill (H. R. 11011) for the relief of the legal representatives of John Roach, deceased—to the Committee on War Claims.

Also, a bill (H. R. 11012) granting an honorable discharge to Alfred L. Dutton—to the Committee on Military Affairs.

Also, a bill (H. R. 11013) referring the claim of William H. Diamond, of Chester, Pa., for damages for personal injuries sustained, to the Court of Claims—to the Committee on Claims.

Also, a bill (H. R. 11014) to pay the Standard Steel Casting Company for one 6-inch gun casting—to the Committee on Military Affairs.

By Mr. DIEKEMA: A bill (H. R. 11015) granting an increase of pension to Delia L. Mills—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11016) granting an increase of pension to Francis M. Forman—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11017) granting an increase of pension to George W. Crawford—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11018) granting a pension to Mary A. Slack—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11019) granting a pension to Carrie Belle Barr—to the Committee on Invalid Pensions.

By Mr. ELLIS: A bill (H. R. 11020) granting an increase of pension to Lorenzo Jean—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11021) granting an increase of pension to James C. Conrad—to the Committee on Invalid Pensions.

By Mr. FAIRCHILD: A bill (H. R. 11022) granting an increase of pension to Orra M. Dimcan—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11023) granting an increase of pension to Patrick S. Doig—to the Committee on Invalid Pensions.

By Mr. FOELKER: A bill (H. R. 11024) granting an increase of pension to Sarah E. Bapp—to the Committee on Invalid Pensions.

By Mr. FOSTER of Illinois: A bill (H. R. 11025) to remove the charge of desertion from the record of Jasper N. Easley—to the Committee on Military Affairs.

By Mr. GRIGGS: A bill (H. R. 11026) granting a pension to Capt. Thomas N. Hopkins—to the Committee on Pensions.

By Mr. HAMER: A bill (H. R. 11027) granting an increase of pension to Edwin P. Durell—to the Committee on Invalid Pensions.

By Mr. HINSHAW: A bill (H. R. 11028) granting a pension to Melissa R. Vaughn—to the Committee on Invalid Pensions.

By Mr. HUGHES of Georgia: A bill (H. R. 11029) granting an increase of pension to Peter Sheppard—to the Committee on Invalid Pensions.

By Mr. HUGHES of New Jersey: A bill (H. R. 11030) granting an increase of pension to William Reinhart—to the Committee on Invalid Pensions.

By Mr. HUMPHREYS of Mississippi: A bill (H. R. 11031) for the relief of S. Ellen Boyd, administratrix of the estate of Mary Dean, deceased—to the Committee on War Claims.

By Mr. McHENRY: A bill (H. R. 11032) granting an increase of pension to David Ruckel—to the Committee on Invalid Pensions.

By Mr. MILLINGTON: A bill (H. R. 11033) granting a pension to Jennie H. Read—to the Committee on Pensions.

By Mr. MURPHY: A bill (H. R. 11034) granting a pension to John E. McQuade—to the Committee on Pensions.

By Mr. REYNOLDS: A bill (H. R. 11035) granting a pension to Jonathan Witt—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11036) granting a pension to Elmer A. Rodkey—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11037) granting an increase of pension to Frank M. Amos—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11038) granting an increase of pension to Franklin Lear—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11039) granting an increase of pension to Morris Walker—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11040) granting an increase of pension to David B. Armstrong—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11041) granting an increase of pension to Robert Dignan—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11042) granting an increase of pension to Alexander Bollinger—to the Committee on Invalid Pensions.

By Mr. RICHARDSON: A bill (H. R. 11043) granting a pension to J. L. Jones—to the Committee on Pensions.

Also, a bill (H. R. 11044) granting a pension to George W. Gilchrist—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11045) granting an increase of pension to Frederick Klammer—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11046) granting an increase of pension to Fletcher Matthews—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11047) granting an increase of pension to George D. Steele—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11048) for the relief of Preston Sandifer—to the Committee on War Claims.

By Mr. SHERLEY: A bill (H. R. 11049) granting a pension to Mary McJenkins—to the Committee on Pensions.

Also, a bill (H. R. 11050) granting a pension to Lottie B. Galleher—to the Committee on Pensions.

By Mr. SMALL: A bill (H. R. 11051) for the relief of W. S. Barnett—to the Committee on Claims.

By Mr. THOMAS of Kentucky: A bill (H. R. 11052) granting an increase of pension to Japhet N. Duvall—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11053) granting an increase of pension to George W. Doss—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11054) granting an increase of pension to Edward J. Hurley, alias John Williams—to the Committee on Invalid Pensions.

By Mr. THOMAS of Ohio: A bill (H. R. 11055) granting an increase of pension to Rollin A. Waters—to the Committee on Invalid Pensions.

By Mr. TOWNSEND: A bill (H. R. 11056) granting a pension to George S. Mann—to the Committee on Invalid Pensions.

Also, a bill (H. R. 11057) granting pensions to Fred J. Jewell and Esther E. Jewell—to the Committee on Invalid Pensions.

By Mr. WANGER: A bill (H. R. 11058) granting an increase of pension to William Kelly—to the Committee on Invalid Pensions.

By Mr. WICKLIFFE: A bill (H. R. 11059) for the relief of the estate of Francisco Deccoro, deceased—to the Committee on War Claims.

By Mr. COVINGTON: A bill (H. R. 11060) granting an increase of pension to Charles M. Watkins—to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Petition of Workingmen's Protective Tariff League, of Philadelphia, Pa., expressing confidence in Speaker CANNON, Chairman PAYNE, of the Committee on Ways and Means, and Chairman ALDRICH, of the Senate Committee on Finance, in their actions in relation to tariff revision—to the Committee on Ways and Means.

Also, petition of May Royse, Lela Knapp, Mary Coolahan, Mrs. Louise Stilson, Mrs. A. C. MacDonald, Mrs. Jane Thompson, and 66 others, protesting against the increased duty on women's gloves—to the Committee on Ways and Means.

Also, petitions of B. J. Jeffrey, of Milton, Wis., and T. M. Griffin, of Fitzgerald, Ga., praying for the reduction of the duty on sugar—to the Committee on Ways and Means.

Also, petition of Helena (Mont.) Commercial Club, praying for legislation to increase the authority and power of the Interstate Commerce Commission—to the Committee on Interstate and Foreign Commerce.

Also, petition of Reno (Nev.) Commercial Club and of citizens of Reno, praying for legislation governing the Interstate Commerce Commission concerning freight rates—to the Committee on Interstate and Foreign Commerce.

Also, petition of Wilmington (Del.) Board of Trade, praying for legislation for the establishment of a department of public works—to the Committee on Rivers and Harbors.

Also, petition of Council of the Diocese of Lexington, Ky., praying for legislation right in the sight of God, just and true to all the people—to the Committee on the Judiciary.

Also, petition of Waynesboro, Tunkhannock, Gap Run, and Church Grove councils, of the Order of United American Mechanics in Tennessee, praying for legislation for the exclusion of Asiatics—to the Committee on Foreign Affairs.

Also, petition of Patriotic Order of the Sons of America, praying for the abrogation of the Russian extradition treaty—to the Committee on Foreign Affairs.

By Mr. BARCHFELD: Paper to accompany bill for relief of Edward J. Chester—to the Committee on Pensions.

By Mr. CASSIDY: Petition of Miss B. Nicholls and 242 other ladies, residents of Cleveland, Ohio, against increase of tariff on women's gloves—to the Committee on Ways and Means.

Also, petition of council of the city of Cleveland, Ohio, favoring placing of crude asphalt on the free list—to the Committee on Ways and Means.

Also, petition of committee of cigar manufacturers and Lancaster County (Pa.) Growers' Association, against free importation of Philippine tobacco—to the Committee on Ways and Means.

Also, petition of Lake Region Waterways Association, of Lake County, Fla., for improvement of the upper Ocklawaha River and its tributaries—to the Committee on Rivers and Harbors.

By Mr. CHAPMAN: Petition of Board of Trade of Cairo, Ill., favoring work of the Weather Bureau—to the Committee on Agriculture.

By Mr. CLINE: Petition of 70 citizens of Fort Wayne, Ind., for reduction of duty on wheat to 10 cents per bushel—to the Committee on Ways and Means.

By Mr. DAVIS: Petition of Woman's Literary Club of St. Petersburg, Minn., for reduction of duty on raw and refined sugar—to the Committee on Ways and Means.

Also, petitions of People's Store and others, of Norwood; Economy Cash Store, of Jordan; John Feider and others, of Belleplaine; and A. W. Scharping and others, of Arlington, all in the State of Minnesota, against a parcels-post law—to the Committee on the Post-Office and Post-Roads.

Also, petition of Frederick Iltis and others, of Alaska, Minn., favoring protection of the beet-sugar industry—to the Committee on Ways and Means.

By Mr. HOLLINGSWORTH: Petition of J. W. Holliday Post, No. 12, Department of West Virginia, Grand Army of the Republic, against placing portrait of Jefferson Davis on silver service of battle ship *Mississippi*—to the Committee on Naval Affairs.

By Mr. HULL of Iowa: Petition of business men of Maxwell, Collins, Polk City, Ankeny, and Mitchelville, all in the State of Iowa, against a parcels-post law—to the Committee on the Post-Office and Post-Roads.

By Mr. HUMPHREYS of Mississippi: Paper to accompany bill for relief of the estate of Mary Dean—to the Committee on War Claims.

By Mr. HOWELL of New Jersey: Petition of Monmouth County Historical Association, of New Jersey, favoring law against use of American flag for advertising purposes—to the Committee on the Judiciary.

By Mr. JAMIESON: Papers to accompany bills for relief of James A. Butt, Elisha Stearns, and James W. Pray—to the Committee on Invalid Pensions.

By Mr. LINDBERGH: Petition of business men of Melrose, Minn., against a parcels-post law—to the Committee on the Post-Office and Post-Roads.

By Mr. MILLINGTON: Petition of residents of Rome, Herkimer, and Ilion, N. Y., favoring a parcels-post law—to the Committee on the Post-Office and Post-Roads.

Also, paper to accompany bill for relief of Jennie H. Read—to the Committee on Invalid Pensions.

By Mr. NYE: Petition of William Welch, of Minneapolis, Minn., for an amendment to the Constitution of the United

States authorizing annulment of charters of corporations—to the Committee on the Judiciary.

By Mr. REYNOLDS: Paper to accompany bill for relief of Frank M. Amos, Jonathan Witt, Alexander Ballinger, and Daniel A. Lamberson—to the Committee on Invalid Pensions.

Also, petition of citizens of Colerain Township, Bedford County, Pa., favoring abrogation of the Russian extradition treaty—to the Committee on Foreign Affairs.

Also, petition of citizens of Blair County, Pa., for reduction of tariff on wheat to not over 10 cents per bushel—to the Committee on Ways and Means.

By Mr. RICHARDSON: Paper to accompany bill for relief of Preston Sandifer—to the Committee on War Claims.

By Mr. TAYLOR of Colorado: Petition of Delta County (Colo.) Business Men's Association, against any change in tariff rates on sugar—to the Committee on Ways and Means.

SENATE.

FRIDAY, *June 25, 1909.*

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

The VICE-PRESIDENT resumed the chair.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. HALE, and by unanimous consent, its further reading was dispensed with.

The VICE-PRESIDENT. The Journal will stand approved.

FINDINGS OF THE COURT OF CLAIMS.

The VICE-PRESIDENT laid before the Senate a communication from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact filed by the court in the cause of Hardinia P. Kelsey and Mildred E. Franklin, heirs of Hardin P. Franklin, deceased, *v.* United States (S. Doc. No. 113), which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

WOOL AND WOOL PRODUCTS.

Mr. HALE. I present resolutions adopted by the board of directors of the Carded Woolen Manufacturers' Association. The resolutions need not be read, but I ask that they be printed in the RECORD.

There being no objection, the resolutions were ordered to lie on the table and be printed in the RECORD, as follows:

CARDED WOOLEN MANUFACTURERS' ASSOCIATION,
Boston, Mass., June 23, 1909.

Whereas the American carded woolen industry is seriously burdened by inequalities in the present tariff on wool and wool products, to such an extent as to threaten the existence of this industry; and

Whereas the tariff bill as passed by the House of Representatives made negligible changes looking to a removal of these burdens, and the bill as approved by the vote of the Senate makes no changes at all; and

Whereas the President of the United States has in a message to Congress urged the adoption of an amendment to the tariff bill providing for a tax on the income of corporations and not of individuals:

Therefore the Carded Woolen Manufacturers' Association hereby requests the President to supplement his message to Congress by another recommendation that Congress adopt a thorough and honest amendment to Schedule K of the pending tariff bill, which will remove the present inequalities that now oppress this industry and the consumers of its products.

CENSUS APPROPRIATION BILL.

Mr. HALE. I am directed by the Committee on Appropriations, to whom was referred the bill (H. R. 10933) making appropriations for the expenses of the Thirteenth Decennial Census, and for other purposes, to report it without amendment, and I submit a report (No. 8) thereon. I ask that it be printed, and, with the leave of the Senate, I will call it up for consideration to-morrow morning after the conclusion of the morning business.

The VICE-PRESIDENT. The bill will be placed on the calendar.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PENROSE:

A bill (S. 2740) to recognize meritorious services of persons who served as officers of volunteers during the civil war; to the Committee on Military Affairs.

A bill (S. 2741) for the relief of Mary Cairney; and

A bill (S. 2742) to carry into effect the judgment of the Court of Claims in favor of the contractors for building the U. S. battle ship *Indiana;* to the Committee on Claims.

A bill (S. 2743) granting an increase of pension to Isaac Armstrong;

A bill (S. 2744) granting an increase of pension to Charles W. Abbott;

A bill (S. 2745) granting a pension to Rachel M. Hunt;

A bill (S. 2746) granting a pension to Eliza S. Blumer;

A bill (S. 2747) granting a pension to surviving officers and enlisted men of the Regular Army who served in the Philippine Islands ninety days or more;

A bill (S. 2748) granting a pension to Sarah Ann Bradford;

A bill (S. 2749) granting an increase of pension to Frank Coogan, alias Francis O'Cleary;

A bill (S. 2750) granting an increase of pension to Albion White;

A bill (S. 2751) granting an increase of pension to Jacob Foust;

A bill (S. 2752) granting a pension to Eliza Wilson;

A bill (S. 2753) granting an increase of pension to Patrick Ambrose;

A bill (S. 2754) granting an increase of pension to Annie M. Allen;

A bill (S. 2755) granting a pension to Henry Coleman;

A bill (S. 2756) granting a pension to George Crow;

A bill (S. 2757) granting an increase of pension to Eliza L. Cake;

A bill (S. 2758) granting an increase of pension to David A. Buchanan; and

A bill (S. 2759) granting a pension to Thomas J. Parker (with the accompanying papers); to the Committee on Pensions.

By Mr. BURROWS:

A bill (S. 2760) granting a pension to Joseph F. Bartini (with the accompanying papers); to the Committee on Pensions.

By Mr. BULKELEY:

A bill (S. 2761) to improve the navigation of the Connecticut River between Hartford and Holyoke and to develop water power in connection therewith; to the Committee on Commerce.

By Mr. GUGGENHEIM:

A bill (S. 2762) granting an increase of pension to John W. Goodlander (with the accompanying paper); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. BRADLEY submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was ordered to lie on the table and be printed.

Mr. ELKINS. I desire to offer an amendment to the pending tariff bill. It consists of only 5 lines, and can come in at the appropriate place. I ask that it be read.

The amendment was read, ordered to be printed, and to lie on the table, as follows:

On all goods, wares, and merchandise, and articles of every kind imported in ships or vessels of the United States, there shall be allowed a reduction of 5 per cent in the duties prescribed by law to be levied, collected, and paid on such goods, wares, and merchandise.

Mr. BEVERIDGE submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was ordered to lie on the table and be printed.

Mr. DICK submitted two amendments intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which were ordered to lie on the table and be printed.

INHERITANCE-TAX LAWS.

Mr. BULKELEY. I ask leave to have printed as a document (S. Doc. No. 114) a publication by the Department of Commerce and Labor in relation to the tax laws of Great Britain, France, and Germany, together with an outline of inheritance taxation in the United States. A limited edition was printed in 1907, but the demand for it has been very great. Upon application for copies, I was informed by the department that they had but one copy on their files, which they loaned me. The estimate for the printing is attached to the publication I send to the desk.

Mr. SMOOT. Mr. President, I wish to make a statement. I am not going to object to the printing of the document at this time, but I wish to state to the Senator and to the Senate that the Committee on Printing feel that in the future propositions to print documents ought to be referred to them, and allow them to pass upon it before an order is made without consideration. I merely want to make that statement. I do not intend to object to this order.

Mr. BULKELEY. I should like to have 1,000 additional copies printed. The estimate for an additional number is also attached to the publication.

There being no objection, the order was reduced to writing and agreed to, as follows:

Ordered, That 1,000 additional copies of Senate Document No. 114, Sixty-first Congress, first session, "Inheritance-Tax Laws," be printed for the use of the Senate document room.